

Frontier Airlines Holdings, Inc.  
Form DEF 14A  
July 31, 2006  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  x

Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

**Frontier Airlines Holdings, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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  - (4) Date Filed:



**FRONTIER AIRLINES HOLDINGS, INC.**  
**7001 Tower Road**  
**Denver, CO 80249-7312**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

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TO THE SHAREHOLDERS OF FRONTIER AIRLINES HOLDINGS, INC.:

**PLEASE NOTE THIS YEAR S MEETING WILL BE HELD AT THE DENVER AIRPORT MARRIOTT AT GATEWAY PARK, 16455 E. 40TH CIRCLE, AURORA, COLORADO 80011.**

You are invited to attend the 2006 Annual Meeting of Shareholders of Frontier Airlines Holdings, Inc., a Delaware corporation, which will be held on Thursday, September 7, 2006 at 9:30 a.m. local time at the **Denver Airport Marriott at Gateway Park, 16455 E. 40th Circle, Aurora, Colorado 80011** for the following purposes:

1. To elect seven directors to the Frontier Airlines Holdings, Inc. Board of Directors.
2. To transact any other business which is properly presented at the Annual Meeting or any adjournment of that meeting.

All shareholders of record on July 11, 2006 are invited to attend and vote at the meeting. A complete list of shareholders entitled to vote at the Annual Meeting will be available for examination by any Frontier Airlines Holdings shareholder at our principal offices located at Frontier Center One, 7001 Tower Road, Denver, Colorado for purposes germane to the Annual Meeting, during normal business hours from August 1, 2006 until the Annual Meeting.

We invite you to attend the meeting and look forward to seeing you there. Representation of at least a majority of all outstanding shares is required to conduct the meeting. Accordingly, it is important that your shares be represented at the meeting. **WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING PLEASE READ THE ATTACHED PROXY STATEMENT CAREFULLY AND FOLLOW THE INSTRUCTIONS ON THE ENCLOSED PROXY CARD TO VOTE BY INTERNET, TELEPHONE, OR BY SIGNING, DATING AND RETURNING PROMPTLY THE ENCLOSED PROXY CARD.** Even if you have given your proxy, you may still attend the meeting, revoke your proxy, and vote in person. Your vote is important and we appreciate your cooperation in considering and acting upon these matters.

By order of the Board of Directors

August 1, 2006

FRONTIER AIRLINES HOLDINGS, INC.

/s/ David Sislowski  
David Sislowski  
*Secretary*

**SHAREHOLDER COMMUNICATIONS**

Our Proxy Statement and Annual Report on Form 10-K are available electronically. You can elect to receive and access these materials and other shareholder communications electronically instead of by mail. With electronic delivery, you can receive shareholder communications as soon as they are available without waiting for them to arrive in the mail. Electronic delivery of these materials also allows Frontier to conserve natural resources, significantly reduce its printing and mailing costs, eliminates duplicate mailings, and reduces the number of bulky documents in your personal files. If you would like electronic delivery in the future, please vote online at [www.proxyvoting.com/frnt](http://www.proxyvoting.com/frnt) and when prompted, indicate that you agree to receive future shareholder communications electronically.

**WEBCAST OF ANNUAL MEETING**

Frontier is pleased to offer a webcast of its 2006 Annual Meeting. You can access the webcast through the Investor Relations section of Frontier's website at [www.frontierairlines.com](http://www.frontierairlines.com). Please access the website prior to the meeting and allow time to register for the webcast and download any necessary software. The webcast replay and the accompanying PowerPoint slide presentation will be available on the website for seven days following the meeting.

You will not be able to vote your shares via the webcast. If you plan to listen to the webcast, please submit your vote before the meeting using one of the methods described in the Proxy Statement materials.

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**Please Read the Entire Proxy Statement Carefully**  
**Prior to Returning Your Proxy**

**FRONTIER AIRLINES HOLDINGS, INC.**  
**7001 Tower Road**  
**Denver, CO 80249-7312**

**PROXY STATEMENT**  
**for**  
**2006 Annual Meeting of Shareholders**

**GENERAL**

This Proxy Statement and form of proxy are furnished in connection with the solicitation of proxies by Frontier Airlines Holdings, Inc. ( Frontier or Frontier Holdings ) on behalf of its Board of Directors, for the 2006 Annual Meeting of Shareholders, which will be held on Thursday, September 7, 2006 at 9:30 a.m. local time at the **Denver Airport Marriott at Gateway Park, 16455 E. 40th Circle, Aurora, Colorado 80011**, and any adjournment of that meeting. This Proxy Statement and form of proxy, together with Frontier's Annual Report to Shareholders, are being sent to shareholders on or about August 1, 2006.

Frontier will pay the costs of soliciting proxies. In addition to solicitation by mail, Frontier's regular employees may solicit proxies by personal interview, telephone, facsimile, e-mail, or other electronic means. These employees will not receive any additional compensation for soliciting activities. Frontier will reimburse brokers and other nominees their reasonable expenses for soliciting proxies or authorizations from beneficial owners or forwarding proxy material to beneficial owners.

On April 3, 2006, Frontier completed its reorganization into a holding company structure, whereby Frontier Airlines, Inc. ( Frontier Airlines ) became a wholly owned subsidiary of Frontier Holdings. Frontier Holdings' common stock commenced trading on the Nasdaq National Market under the symbol FRNT on April 3, 2006. The conversion of shares of Frontier Airlines' common stock into Frontier Holdings' common stock occurred automatically upon consummation of the reorganization. Frontier Airlines' common stock, which previously traded on the Nasdaq National Market under the symbol FRNT, is no longer publicly traded. The Frontier Airlines Board of Directors became Frontier Holdings' Board of Directors. Each of the outstanding options, stock appreciation rights and restricted stock unit awards to acquire shares of Frontier Airlines' common stock became options, rights or awards to acquire, on the same terms and conditions as before the reorganization, an identical number of shares of Frontier Holdings' common stock. Frontier Airlines' existing equity compensation plans, which include Frontier Airlines' 2004 Equity Incentive Plan and Frontier Airlines' Amended and Restated Employee Stock Ownership Plan, provide that plan participants are entitled to receive shares of Frontier Holdings' common stock rather than shares of Frontier Airlines' common stock, on the same terms otherwise provided for in the respective plans. Accordingly, information presented in this Proxy for the period prior to April 3, 2006, refers to Frontier Airlines and information for the period on and after April 3, 2006, refers to Frontier Holdings.

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**SHARES OUTSTANDING, VOTING RIGHTS AND REVOCABILITY OF PROXY**

Shareholders of record at the close of business on July 11, 2006 may vote at the Annual Meeting. On July 11, 2006, there were 36,592,705 shares of Frontier's common stock outstanding and entitled to vote at the Annual Meeting. Shareholders of record will have one vote for each share they hold on the matters to be voted on.

The presence of a majority of the total outstanding shares of common stock entitled to vote, in person or by proxy, constitutes a quorum and is necessary to conduct business at the Annual Meeting. Abstentions and broker-dealer non-votes will be counted as shares present in determining whether this quorum has been reached. Assuming a quorum exists, the affirmative vote of a majority of the shares represented and entitled to vote at the meeting is necessary to elect directors and to approve other matters subject to vote at the Annual Meeting. Abstentions are counted as shares entitled to vote, and accordingly have the same effect as a vote against a matter.

The manner in which you may vote your shares depends on how your shares are held. If you own shares of record, meaning your shares of common stock are represented by certificates or book entries in your name so that you appear as a shareholder on the records of Frontier's stock transfer agent, Mellon Investor Services LLC, a proxy card for voting these shares is included with this Proxy Statement. If you own shares in street name, meaning that your shares of common stock are held by a bank or brokerage firm, you may instead receive a voting instruction form with this Proxy Statement that you may use to instruct your bank or brokerage firm how to vote your shares.

You may vote via the Internet or by telephone. If you own your shares in street name, however, not all banks and brokerage firms have arranged for Internet or telephone voting. You may also vote your shares by completing, signing, and returning the proxy card. For additional instructions on voting, please see your enclosed proxy card.

Internet and telephone voting are available 24 hours a day, and if you use one of these methods, you do not need to return your proxy card. The deadline for voting through the Internet or by telephone is 11:59 p.m., Eastern Time, on September 6, 2006. The Internet voting procedures are designed to authenticate your identity, allow you to vote your shares, and confirm your instructions were properly recorded. If you have Internet access, Frontier encourages you to vote by Internet. It is convenient and saves Frontier significant postage and processing costs.

Submitting your proxy will not affect your right to attend the meeting and vote in person. You may vote all your eligible shares in person at the meeting, and your vote will revoke any proxy you previously granted. If you own common stock in street name and want to vote your shares at the meeting, you must obtain a legal proxy from the bank or brokerage firm that holds your shares. You should contact your bank or brokerage account representative to learn how to obtain a legal proxy. You may also revoke your proxy by sending written notice to Frontier's Corporate Secretary or by submitting a subsequent proxy before the Annual Meeting. If you own common

stock in street name you may change or revoke previously given voting instructions by contacting the bank or brokerage firm holding the shares.

Your proxy authorizes the persons named to vote your shares in the manner you direct. You may vote for all, some, or none of the director nominees or choose to withhold your vote. If you return your proxy without specifying how to vote, the persons named as proxies will vote your shares for the election of directors as described in Proposal 1 Election of Directors. The proxies will use their best judgment regarding other matters that properly come before the meeting. Frontier is not aware of any matters, other than those discussed in this Proxy Statement, which will be presented at the meeting.

**PROPOSAL 1  
ELECTION OF DIRECTORS**

Seven directors are standing for reelection to Frontier's Board of Directors (the Board). The nominees for the Board are Samuel D. Addoms, D. Dale Browning, Paul S. Dempsey, Patricia A. Engels, B. LaRae Orullian, Jeff S. Potter, and James B. Upchurch. Each of these nominees is currently a member of the Board of Directors, was nominated by Frontier's Nominating and Corporate Governance Committee, and was previously elected to the Frontier Airlines Board of Directors at its 2005 Annual Meeting of Shareholders. Frontier's Articles of Incorporation and Bylaws authorize the Board to increase or decrease its size. The Board previously fixed the membership of the Board at nine members. In July 2006 William B. McNamara announced he would not stand for reelection to the Board. Accordingly, only seven nominees are named and the proxies cannot vote for a greater number of persons than nominated. The Nominating and Corporate Governance Committee of the Board is reviewing potential candidates to fill the vacancies on the Board and anticipates filling these vacancies in the fall of 2006.

Each of these nominees, if elected, will serve a one-year term from the date of election until the next annual meeting of shareholders and thereafter until his or her successor is elected and qualified. If there is a vacancy or addition of members to the Board, Frontier's Bylaws allow the Board to appoint new members to fill the positions.

**The Board of Directors recommends a vote FOR all nominees.** As of the date of this Proxy Statement, the Board is not aware that any nominee is unable or will decline to serve as a director. If a nominee is unable to or declines to serve as a director, the Board will designate a substitute nominee. If you submitted a proxy and a substitute nominee is designated, the proxy holders will vote for the election of the substitute nominee.

Under Frontier's Bylaws, the election of directors requires the affirmative vote of a majority of the shares represented and entitled to vote at the meeting.

**Nominees to Board of Directors**

The following is biographical and other information as of July 11, 2006, about the current and proposed members of the Board.



**Samuel D. Addoms**

Age 66

Director since May 1994

Mr. Addoms became Chairman of the Board in 2001, having previously served as President, Chief Executive Officer, and Chief Financial Officer of Frontier. Mr. Addoms served as Executive Vice President, Treasurer and a director of Frontier during its early development in 1993 through September 1994, when he became President of Frontier. He became Chief Executive Officer effective January 1, 1995, and assumed the position of Chief Financial Officer upon resignation of Frontier's prior Chief Financial Officer on June 30, 2001. He retired from his executive positions in April 2002. His 40 years of management experience include positions as President and Vice President-Finance of Monfort of Colorado, President of the Denver National Bank and Vice President of Continental Illinois National Bank in Chicago.

**D. Dale Browning**

Age 69

Director since July 1996

Mr. Browning is a retired bank and bankcard executive. Mr. Browning served from 1995 to 2001 as President and Chief Executive Office of ProCard, Inc., Golden, Colorado, and from 1993 to 1995 as a Senior Consultant to Visa International. He was President and Chief Executive Officer of the Colorado National Bank of Denver from 1986 through 1993, having concurrently served as Vice Chairman and Chief Operating Officer of Colorado National Bankshares and as Chief Executive Officer of Rocky Mountain BankCard System. In 1982 he founded Plus System, Inc., an international automatic teller machine network, and served as President of that company until 1993. Mr. Browning has served as a director of Central States Indemnity Company of Omaha since 1995.

**Paul S. Dempsey**

Age 55

Director since July 1994

Dr. Dempsey has been Vice-Chair of the Board of Directors since 1996. Since 2002, Dr. Dempsey has been the Tomlinson Professor of Global Governance in Air & Space Law, and Director of the Institute of Air & Space Law at McGill University in Montreal, Canada. From 1979 to 2002, he served as Professor of Law and Director of the Transportation Law Program at the University of Denver. He was also Director of the National Center for Intermodal Transportation. For 13 years, he was host of KWGN-TV's Your Right to Say It public affairs news program. He served as Legal Advisor to the Chairman, Interstate Commerce Commission, in 1981 and 1982; Attorney-Advisor to the Civil Aeronautics Board's Office of General Counsel, and its Bureau of Pricing and Domestic Aviation, 1977-1979; and Attorney-Advisor to the Interstate Commerce Commission's Office of Proceedings, 1975-1977. Dr. Dempsey holds the following degrees: A.B.J., J.D., University of Georgia; LL.M., George Washington University; and D.C.L., McGill University. A Fulbright Scholar, he has authored fifteen books and more than 75 law review articles on issues of transportation law, economics, business and policy. His editorials have appeared in major newspapers and news magazines.

**Patricia A. Engels**

Age 55

Director since April 2004

From 2001 to 2004, Ms. Engels served as Executive Vice President, Products and Marketing for Qwest in Denver, Colorado, where she was responsible for the product management, marketing and pricing of Qwest's \$14 billion voice, data, and Internet Protocol product portfolio. Ms. Engels has extensive senior leadership experience with Fortune 500 companies including EDS Corporation, SBC Communications, Ameritech Corporation, and United Airlines. During her tenure with United, Ms. Engels served in several capacities including President and CEO of Mileage Plus, Inc., Vice President of Market Development, and Director of Market Planning.

**B. LaRae Orullian**

Age 73

Director since July 1994

Ms. Orullian served as Chair of the Board of Directors of Frontier Airlines from 1995 until 2001, when she became Vice Chair. Ms. Orullian continues to serve as Vice Chair of the Board with Dr. Dempsey. A long-time banker, she is Vice Chair of the Board of Directors of Guaranty Bank & Trust Company, a commercial bank in Colorado. From 1999 to 2003, she served on the Board of Directors and Audit Committee of Anthem, Inc., a publicly traded company headquartered in Indiana with operations in several states. Ms. Orullian is also on the Board of Directors of several other non-publicly traded companies in Colorado and Utah. In addition, she is past National President and former Chair of the Girl Scouts of the USA. Among numerous other business and civic activities, Ms. Orullian currently sits on the Colorado Supreme Court Disciplinary Hearing Board, and serves on the Board of Directors of Colorado Public Television / KBDI, Channel 12-TV. She was awarded a Doctorate in Humane Letters from Whittier College in 2004.

**Jeff S. Potter**

Age 46

Director since May 2001

Mr. Potter has been the President and Chief Executive Officer of Frontier since April 2002. Mr. Potter rejoined Frontier Airlines as Executive Vice President and Chief Operating Officer in May 2001 and was appointed President of Frontier in August 2001. Before re-joining Frontier in May 2001, he served as Chief Executive Officer of Vanguard Airlines from May 2000 to April 2001. Prior to working for Vanguard Airlines, he was Vice President of Marketing for Frontier from 1995 to April 2000. He has over 20 years of airline and airline related experience, including regional director of commercial marketing for McDonnell Douglas Corporation and various positions with Pacific Southwest Airlines, Continental Airlines, Northwest Airlines, and the former Frontier Airlines.

**James B. Upchurch**

Age 47

Director since October 1998

Since 1997, Mr. Upchurch has been the President and Chief Executive Officer of Caltius Capital Management, LP. He actively manages the investing and lending of approximately \$500 million of capital committed to several mezzanine debt and private equity partnerships. Mr. Upchurch is also a member of the Boards of several Caltius portfolio companies, none of which are publicly traded or affiliates of Frontier.

**Current Board Members Not Standing for Reelection**

**William B. McNamara**

Age 73

Director since May 1996

Mr. McNamara is a retired executive with 47 years of airline experience, specializing in financial management. He most recently served with Continental Airlines, Inc. from 1987 to 1994 as Vice President-Finance. From 1983 to 1987, he was Staff Vice President-Finance with New York Air, Inc. From 1961 to 1983, he served in a succession of positions with Trans World Airlines, Inc., including service as Staff Vice President-Marketing Administration. In July 2006 Mr. McNamara announced that he is retiring and will not stand for reelection to the Board.

**Board Meetings, Committees, and Corporate Governance**

During the fiscal year ended March 31, 2006, the Board of Directors held a total of 11 meetings and authorized 1 additional action by written consent in lieu of meeting. All incumbent directors attended at least 75% of the aggregate meetings of the full board and the committees on which they served.

It is Frontier's policy that each director is expected to attend the annual meeting of shareholders. All directors attended last year's annual shareholders meeting.

**Independence**

Each of the directors other than Mr. Addoms, Chairman of the Board, and Mr. Potter, President and Chief Executive Officer, qualify as independent under the NASDAQ rules. The NASDAQ independence definition includes objective measures that disqualify a director from being independent, including whether the director is an employee of the company or has engaged in various types of business dealings with the company. These objective measures assist the Board in making determinations of director independence under the NASDAQ rules. The Board makes a determination regarding the independence of each director annually based on all relevant facts and circumstances. Although a director who is not disqualified under the NASDAQ rules will be presumed to be independent (except for purposes of serving as a member of the Audit

Committee), the Board may make an affirmative determination that a director is not independent based on its review of other factors.

Applying these standards and the NASDAQ independence criteria, the Board has made a subjective determination as to each independent director that no relationships exist that in the opinion of the Board would interfere with the exercise of his or her independent judgment in carrying out the responsibilities of a director. In making these determinations, the directors reviewed and discussed information provided by the directors and Frontier with regard to each director's business and personal activities as they may relate to Frontier and its management.

#### **Committees**

Frontier's Board of Directors has an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee.

*Audit Committee.* During the fiscal year ended March 31, 2006, the members of the Audit Committee were D. Dale Browning (Chair), Patricia A. Engels, and B. LaRae Orullian, each of whom is an independent director as currently defined by applicable law and NASDAQ rules. The Audit Committee, which held 4 meetings during fiscal year 2006, is responsible for appointing the independent auditors of Frontier, reviewing all recommendations of Frontier's independent auditors and Frontier's internal auditors, reviewing and approving non-audit services performed by accountants and other consultants retained by Frontier, reviewing Frontier's periodic reports filed with the Securities and Exchange Commission (SEC) and otherwise overseeing Frontier's financial reporting. The Audit Committee also determines whether management has established a system to promote the accuracy and completeness of Frontier's financial statements and other publicly disclosed information. Additionally, the Audit Committee selects, engages, compensates, and oversees Frontier's independent auditors and pre-approves all services to be performed by them. The roles and responsibilities of the Audit Committee are described in detail in an Audit Committee charter adopted by the Board of Directors. A copy of the Audit Committee charter was attached as an exhibit to Frontier Airlines' 2004 Proxy Statement. As part of the reorganization, the Frontier Audit Committee adopted the existing Frontier Airlines Audit Committee charter.

The Board of Directors has determined that each member of the Audit Committee meets the experience and independence standards required under the NASDAQ rules and Rule 10A-3(b)(1)(ii) under the Securities Exchange Act of 1934, as amended (the Act). No member of the Audit Committee serves on the audit committee of more than three public companies. The Board of Directors has determined that both D. Dale Browning and B. LaRae Orullian qualify as an audit committee financial expert, serve on the Audit Committee, and are independent directors.

The Board will continue to monitor the standards for director independence established by applicable law and NASDAQ rules and will ensure Audit Committee members continue to meet those standards. Additional information concerning the composition and role of the Audit Committee is set forth under the caption Audit Committee Report, which appears below in this Proxy Statement.

*Compensation Committee.* During the fiscal year ended March 31, 2006, the members of the Compensation Committee were Patricia A. Engels (Chair), Paul S. Dempsey, William B. McNamara, and James B. Upchurch. The Board of Directors has determined that each member is an independent director as currently defined by applicable law and NASDAQ rules. The duties of the Compensation Committee include evaluating and recommending to the Board the compensation of Frontier's executive officers. The Compensation Committee, which held three formal meetings during fiscal year 2006, also reviews and recommends Company-wide increases for employees and evaluates, recommends for adoption, and administers the Company's benefit plans, including reviewing and granting equity incentives to eligible employees. The roles and responsibilities of the Compensation Committee are described in detail in a written charter adopted by the Board. Additional information concerning the composition and role of the Compensation Committee is set forth under the caption Compensation Committee Report, which appears below in this Proxy Statement.

*Nominating and Corporate Governance Committee.* During the fiscal year ended March 31, 2006, the members of the Nominating Committee were James B. Upchurch (Chair), Paul S. Dempsey, William B. McNamara, and B. LaRae Orullian, each of whom is an independent director as currently defined by applicable law and NASDAQ rules. The Nominating Committee held two meetings during fiscal year 2006. The duties of the Nominating and Corporate Governance Committee include identifying and recommending qualified individuals to serve as members of the Board, determining the size of the Board, recommending directors for appointment to Board committees, and evaluating the Board's performance. The roles and responsibilities of the Nominating and Corporate Governance Committee are described in detail in a written charter adopted by the Board. A current copy of the Nominating and Corporate Governance Committee Charter is available on Frontier's website at [www.frontierairlines.com](http://www.frontierairlines.com). During fiscal year 2006, the Nominating and Corporate Governance Committee assisted the Board of Directors and each of the Board committees in conducting evaluations to assess their effectiveness.

#### **Consideration of Director Nominees**

In making its recommendations regarding nominees to serve on the Board of Directors, the Nominating and Corporate Governance Committee reviews an individual's qualifications including a determination as to the independence of the candidate based on the independence requirements described above. If the nominee is being evaluated for re-nomination to the Board of Directors, the Committee will assess the prior performance of the director. The Committee will also periodically review the composition of the Board of Directors in light of its current challenges and needs and determine whether it may be appropriate to add or remove individuals after considering issues of judgment, diversity, age, skills, background and experience.

*Shareholder Recommendations.* The Nominating and Corporate Governance Committee will consider nominees for the Board of Directors that a shareholder submits in writing. The Committee will consider candidates a shareholder recommends in the same manner other candidates are considered. A shareholder wishing to recommend an individual to stand for election as a director at an annual or special meeting of the shareholders must provide written notice of the recommendation, including (a) the name and address of the shareholder making the

recommendation; (b) the information regarding the shareholder's recommended nominee(s) that would be required to be included in Frontier's proxy statement filed under the proxy rules of the SEC if the Board elects to nominate the nominee(s); (c) a representation of the shareholder as to the number of shares of stock of Frontier the shareholder beneficially owns and the shareholder's intent to appear in person or by proxy at the meeting to propose such nomination; (d) the written consent of the nominee(s) to serve as a member of the Board if so nominated and elected; and (e) any additional information the Committee requests. The shareholder notice with appropriate supporting documentation and information should be submitted in writing to the Nominating and Corporate Governance Committee c/o David Sislowski, Corporate Secretary, Frontier Airlines Holdings, Inc., 7001 Tower Road, Denver, Colorado 80249.

Each shareholder recommendation will be processed expeditiously upon receipt of the shareholder notice with appropriate supporting documentation and information. If the Nominating and Corporate Governance Committee determines that a shareholder-recommended candidate is suitable for Board membership, it will include the candidate in the pool of candidates to be considered for nomination upon the occurrence of the next Board vacancy or in connection with the next annual meeting of shareholders. Shareholders who are recommending candidates for nomination in connection with the next annual meeting of shareholders should submit their shareholder notice with appropriate supporting documentation and information no later than March 1st of the year of that meeting.

***Shareholder Nominations.* Shareholders who wish to nominate a person for election as a director (as opposed to making a recommendation to the Nominating and Corporate Governance Committee) must follow the procedures described under Shareholder Proposals below.**

#### **Corporate Governance**

The Board of Directors adopted a Code of Business Conduct and Ethics that applies to all Frontier directors, officers and employees, including the Chief Executive Officer, the Chief Financial Officer, and the Controller. A current copy of the Code of Business Conduct and Ethics is available on Frontier's website at [www.frontierairlines.com](http://www.frontierairlines.com). Any amendments to, or waivers from, any provision of the Code of Ethics applicable to Frontier's Chief Executive Officer, Chief Financial Officer, Controller or persons performing similar functions will be disclosed by posting the information on Frontier's website at [www.frontierairlines.com](http://www.frontierairlines.com) within five business days.

Current copies of the charters of the Audit Committee, the Nominating and Corporate Governance Committee, and the Compensation Committee (collectively the Committee Charters) are available on Frontier's website at [www.frontierairlines.com](http://www.frontierairlines.com). Printed copies of the Committee Charters are also available to a shareholder upon request. Requests for printed copies should be addressed to Frontier Airlines Holdings, Inc., Corporate Secretary, 7001 Tower Road, Denver, Colorado 80249.

#### **Communicating with Directors**

Frontier shareholders may send communications to the Board as a whole or the independent directors as a group. Any shareholder who wishes to communicate with the Board may do so by writing Frontier's Corporate Secretary, 7001 Tower Road, Denver, Colorado 80249. The Corporate Secretary will review all correspondence, and will regularly forward to the Board a summary of all correspondence received and copies of correspondence the Corporate Secretary determines to be of significant importance to the functions of the Board or otherwise requires the Board's attention. The Board may at any time review all correspondence received by the Corporate Secretary that is intended for the Board and request copies of any of the correspondence. Each communication must state the full name of the shareholder and, if the shareholder is not a record holder of Frontier stock, should be accompanied by appropriate evidence of stock ownership (such as brokerage account statement showing ownership of Frontier stock).

#### **Director Compensation**

Mr. Potter is the only director who is also a Frontier employee. Mr. Potter does not receive any additional compensation for serving as a director. Mr. Addoms retired from Frontier in April 2002 and receives compensation under the terms of his severance agreement as detailed below, but does not otherwise currently receive any additional compensation for serving as a director.

During the fiscal year ended March 31, 2006, each director, other than Mr. Potter and Mr. Addoms, received: (a) an annual retainer of \$20,000; (b) board meeting fees of \$1,500 per meeting attended in person and \$750 per meeting attended telephonically; and (c) 2,000 restricted stock units of Frontier's common stock under the 2004 Equity Incentive Plan (the Incentive Plan). The restricted stock units will vest on the third anniversary of the date of grant. Mr. Browning also received a \$5,000 annual retainer for serving as the chair of the Audit Committee and Ms. Engels received an annual retainer of \$3,000 for serving as the chair of the Compensation Committee. The directors did not receive any additional compensation or fee for attending committee meetings.

Any new members of the Board appointed during the fiscal year will receive an initial option for the purchase of 10,000 shares or equivalent restricted stock units of Frontier's common stock under the Incentive Plan, prorated for mid-fiscal year appointments. Options or restricted stock units granted to members of the Board will have an exercise price equal to the fair market value of Frontier's common stock on the date of the grants, will have a term of ten years, and will vest on the third anniversary of the date of grant or as otherwise determined by the Board, provided, no options or restricted stock units will vest prior to the first anniversary of the date of grant.

Frontier also reimburses all of its directors for travel and out-of-pocket expenses in connection with their attendance at meetings of the Board and committees on which they serve, and permits them, their spouses, and dependent children to fly without charge on Frontier's scheduled flights on a stand-by basis.

*Samuel D. Addoms Severance Agreement.* On April 1, 2002, Frontier entered into a Director Compensation Agreement with Samuel D. Addoms, Chairman of the Board of Directors and former President and Chief Executive Officer of Frontier. The agreement provides that he is entitled to (a) compensation of \$75,000 per year for five years as long as he remains a member of

Frontier's Board of Directors, (b) an option to purchase 200,000 shares of Frontier's stock under the 1994 Stock Option Plan at an exercise price of \$17.00 per share awarded on April 1, 2002, which options are fully vested, (c) free lifetime air travel on Frontier's airline for Mr. Addoms and his spouse, (d) such group health, life insurance and other benefits for Mr. Addoms and his eligible dependents as are provided to, and for the same rates as, Frontier's officers, during Mr. Addoms' employment by Frontier, and (e) continued employment by Frontier for five years at an annual salary of \$25,000. In connection with this agreement Mr. Addoms agreed not to become employed by or provide consulting services to any air carrier that competes with Frontier for so long as he remains an employee or director of Frontier. This agreement superseded the termination agreement executed by Mr. Addoms and Frontier during the fiscal year ended March 31, 1999.



**EXECUTIVE OFFICERS OF FRONTIER**

In addition to Jeff Potter, the President and Chief Executive Officer, who is also a director of Frontier, the following executive officers are not directors and serve at the discretion of the Board. Each of the officers devotes his or her full-time efforts to the affairs of Frontier.

| Name                   | Age | Position  |
|------------------------|-----|---|
| Ann E. Block           | 56  | Senior Vice President In-Flight and Administrative Services |
| Christopher L. Collins | 47  | Senior Vice President Operations                            |
| John B. Happ           | 50  | Senior Vice President Marketing and Planning                |
| Paul H. Tate           | 55  | Senior Vice President Chief Financial Officer               |
| Ronald L. McClellan    | 57  | Vice President Maintenance and Engineering                  |
| Thomas W. Nunn         | 49  | Vice President Aviation Safety and Security                 |
| Elissa A. Potucek      | 49  | Vice President Controller and Treasurer                     |
| Robert W. Rapp, Jr.    | 53  | Vice President Chief Information Officer                    |
| David Sislowski        | 54  | Vice President General Counsel and Secretary                |
| James W. Sullivan, Jr. | 42  | Vice President Flight Operations                            |
| Clifford C. Van Leuven | 50  | Vice President Customer Service                             |

**Ann E. Block** has been Senior Vice President - In-Flight and Administrative Services of Frontier since November 2003. Prior to this appointment, she served as Vice President-Human Resources and In-Flight Services for Frontier. Before joining Frontier in June 2000, she served as Director-Human Resources Strategy and Services for BlueCross BlueShield of Colorado. From 1971 to 1996, she served in various capacities with Public Service Company of Colorado. From 1996-1997, she served as Director-Total Compensation for HR Source, Inc.

**Christopher L. Collins** joined Frontier in January 2006 as Senior Vice President Operations. Mr. Collins has over 20 years of aviation experience. Prior to joining Frontier, he served as Vice President, System Operations for JetBlue Airways from March 1999 to December 2005. Prior to JetBlue, he served Continental Airlines for over a decade in several different executive and senior management capacities including six years as Continental's Vice President of Operations and Planning for its Micronesia operations.

**John B. Happ** joined Frontier in August 2005 as Senior Vice President - Marketing and Planning. Mr. Happ has over 20 years of experience in strategic planning, sales, marketing management and business development within the aviation industry. Prior to joining Frontier, he served as Senior Vice President, Marketing and Sales for ATA Airlines, Inc. from 2003 to 2005. In October 2004 ATA Airlines, Inc. filed for protection under Chapter 11 of the United States Bankruptcy Code and emerged from Chapter 11 in February 2006. Prior to ATA, he served as Senior Vice President of Marketing and Sales for Hawaiian Airlines, Inc., which filed for Chapter 11 bankruptcy protection in March 2003, and has held various management positions with Continental Airlines, Inc. and Singapore Airlines, Ltd.

**Paul H. Tate** has been a Senior Vice President since May 2003 and Frontier's Chief Financial Officer since October 2001. Prior to joining Frontier, he was Executive Vice President & Chief Financial Officer for Colgan Air, Inc., a U.S. Airways express carrier. His over 20 years of aviation experience includes positions with Atlantic Coast Airlines Holdings, Inc., where he served as Senior Vice President-Finance and Chief Financial Officer; Reno Air, Inc., where he served as Vice President-Finance and Chief Financial Officer; and Midway Airlines, Inc., where he served as Vice President-Information Systems and Vice President/Controller.

**Ronald L. McClellan** has been Vice President-Maintenance and Engineering for Frontier since January 2002. He has over 35 years of aviation and maintenance experience. Prior to joining Frontier, Mr. McClellan was the Vice President of Maintenance and Engineering with Vanguard Airlines for five years. Prior to joining Vanguard Airlines, he was the managing director of aircraft acquisitions at TransWorld Airlines and held a number of key aircraft maintenance positions at Continental Airlines, People Express Airlines and New Jersey based Executive Air Fleet. Mr. McClellan served two terms in the United States Air Force, including service as a crew chief with the United States Air Force Thunderbirds from 1973 to 1975.

**Thomas W. Nunn** has served as Vice President-Aviation Safety and Security since May 2003. He joined Frontier in July 2001 as Director-Aviation Safety and Regulatory Compliance. Prior to joining Frontier, he was Director of Emergency Management for Northwest Airlines from 1996 to 2001. From 1991 to 1996, he served as Director of Operations Analysis and held various other positions with Northwest Airlines from 1983 to 1991. Mr. Nunn also served in the United States Marine Corps.

**Elissa A. Potucek** has been Controller/Treasurer of Frontier since June 1995 and Vice President since September 1996. From 1991 to 1995, she was Controller of Richardson Operating Company and Richardson Production Company, an oil and gas company based in Denver, Colorado. She served from 1990 to 1991 as Controller of Coral Companies, Inc., Denver, Colorado, having earlier held accounting positions with US West Paging, Inc. (1988-1989), and KPMG Peat Marwick LLP (1985-1988).

**Robert W. Rapp** has been Vice President - Chief Information Officer since July 2004. Prior to joining Frontier, he was responsible for information security and business continuity for Rent-A-Center. With over 20 years of information technology experience, he served from September 1999 to January 2004 as a principal with the technology consulting firm Knowledge Reservoir as well as Chief Technology Officer with UpstreamInfo. Additionally, Mr. Rapp served in information technology management positions with ENSERCH, Pacific Enterprises, and Synder Oil Company. From March 1993 to January 1998, he served as Vice President, Systems for Southwest Airlines.

**David Sislowksi** has been Vice President-Administration, General Counsel and Secretary since April 2002. Prior to joining Frontier, he served as general counsel at two different Denver asset-based finance institutions. From 1993 to 1999, he served as Vice President & Operations Manager and Corporate Counsel for MetLife Capital Corporation in Bellevue, Washington. He was in private practice at Bogle & Gates and Davis, Wright Tremaine in Seattle, Washington from 1988 to 1993, where his practice concentrated on aircraft finance and asset-based structured finance. He graduated with honors from Case-Western Reserve University in Cleveland, Ohio and from the University of Washington School of Law.

**James W. Sullivan, Jr.** has been Vice President - Flight Operations since April 2004. He has been a Frontier pilot since 1994, and served as Frontier's Director of Flight Operations Training from October 2002 to April 2004. Prior to this appointment, Mr. Sullivan spent more than seven years in the airline's training department as an instructor and check airman. Prior to joining Frontier, he flew Lear Jets for AirNet Systems, a Part-135 cargo operator and spent two years with the U.S. Naval Academy as a civilian flight instructor for the USNA flight indoctrination program.

**Clifford C. Van Leuven** joined the Company in March 2004 as Vice President-Customer Service. Prior to joining the Company, he served as Vice President of Customer Service for Midwest Airlines in Milwaukee from 2001 to 2004 and Director, Customer Service from February 2000 to August 2001. He served as Director, Customer Service for Northwest Airlines at New York La Guardia Airport from 1997 to 2000. He has over 27 years of airline customer service experience.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding beneficial ownership of Frontier's common stock as of July 11, 2006 by: (i) each director and nominee for director of Frontier; (ii) each named executive officer listed in the Executive Compensation Table; (iii) all directors and executive officers as a group; and (iv) each person who is known to Frontier to own beneficially more than five percent of Frontier's outstanding common stock. Unless otherwise specified, the address of each person named is 7001 Tower Road, Denver Colorado 80249-7312.

| Name and Address of Beneficial Owner                         | Shares Beneficially Owned | Percentage of Ownership (1) |
|--|---------------------------|-----------------------------|
| <u>Directors and Named Executive Officers:</u>               |                           |                             |
| Samuel D. Addoms   | 483,659                   | (2) 1.32 %                  |
| D. Dale Browning   | 60,000                    | (3) *                       |
| Paul S. Dempsey  | 40,500                    | (4) *                       |
| Patricia A. Engels   | 14,000                    | (5) *                       |
| William B. McNamara  | 28,167                    | (6) *                       |
| B. LaRae Orullian  | 50,225                    | (7) *                       |
| James B. Upchurch  | 124,500                   | (8) *                       |
| Jeff S. Potter   | 203,839                   | (9) *                       |
| Ann E. Block   | 119,512                   | (10)*                       |
| John B. Happ   | 0                         | *                           |
| Paul H. Tate   | 90,476                    | (11)*                       |
| James W. Sullivan, Jr.                                       | 20,124                    | (12)*                       |
| Other Executive Officers                                     | 325,004                   | (13)*                       |
| All directors and executive officers as a group (19 persons) | 1,560,006                 | (14)4.26 %                  |

Five Percent and Greater Shareholders:

|  |           |           |   |
|--|-----------|-----------|---|
| Lord, Abbett & Co. LLC<br>90 Hudson Street<br>Jersey City, NJ 07302  | 4,902,984 | (15)13.55 | % |
| FMR Corp.<br>Edward C. Johnson 3d<br>Abigail P. Johnson<br>Fidelity Management & Research Company<br>82 Devonshire Street<br>Boston, Massachusetts 02019 | 4,289,023 | (16)11.85 | % |
| Donald Smith & Co., Inc.<br>152 West 57th Street<br>New York, New York 10019   | 3,469,672 | (17)9.59  | % |
| Dimensional Fund Advisors Inc.<br>1299 Ocean Avenue, 11th Floor<br>Santa Monica, CA 90401  | 3,173,177 | (18)8.77  | % |
| T. Rowe Price & Associates<br>100 E. Pratt Street<br>Baltimore, Maryland 21202   | 2,823,400 | (19)7.70  | % |

\* Less than 1%

(1) Unless otherwise indicated, Frontier believes that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them. A person is deemed to be the beneficial owner of securities that can be acquired by such person within 60 days from July 11, 2006 upon the exercise of options, warrants or convertible securities that are held by such person. This table assumes a base of 36,592,705 shares of common stock outstanding as of July 11, 2006, which number does not include shares underlying outstanding options, warrants or convertible securities. This table also assumes the July 11, 2006 closing price of \$6.91 for the Company's common stock to determine the number of shares, if any, beneficially owned under an individual's stock option stock appreciation rights (SOSARs).

(2) Includes 350,000 shares Mr. Addoms has the right to acquire by exercising options, 10,000 shares held by Mr. Addoms' spouse, and 5,659 vested shares allocated under Frontier's Employee Stock Ownership Plan (ESOP).

(3) Includes 15,000 shares Mr. Browning has the right to acquire by exercising options.

(4) Includes 37,500 shares Mr. Dempsey has the right to acquire by exercising options.

(5) Includes 10,000 shares Ms. Engels has the right to acquire by exercising options.

(6) Includes 22,500 shares Mr. McNamara has the right to acquire by exercising options, and 667 shares of restricted stock vesting within 60 days of the record date.

(7) Includes 10,000 shares Ms. Orullian has the right to acquire by exercising options.

(8) Includes 30,000 shares Mr. Upchurch has the right to acquire by exercising options, and 20,000 shares held in trust for his sons.

(9) Includes 180,000 shares Mr. Potter has the right to acquire by exercising options, 6,339 vested shares allocated under the ESOP, and 10,080 SOSARs.

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- (10) Includes 117,000 shares Ms. Block has the right to acquire by exercising options, 2,512 vested shares allocated under the ESOP, and 2,638 SOSARs.
- (11) Includes 89,000 shares Mr. Tate has the right to acquire by exercising options, 1,476 vested shares allocated under the ESOP, and 5,025 SOSARs.
- (12) Includes 14,300 shares Mr. Sullivan has the right to acquire by exercising options, 4,908 vested shares allocated under the ESOP, 916 vested shares allocated under the ESOP to his spouse, and 1,977 SOSARs.
- (13) Includes 17,250 shares owned by executive officers not listed individually in this chart, 299,500 shares these other officers have the right to acquire by exercising options, 8,254 vested shares allocated under the ESOP to these other officers, and 9,766 SOSARs awarded to these other officers.
- (14) Includes 324,475 owned shares, 1,174,800 shares related to stock options discussed above, 30,064 vested shares allocated under the ESOP (including 916 shares allocated under the ESOP to an executive's spouse), 667 shares of restricted stock, and 30,000 shares held by directors' family members.
- (15) Reflects beneficial ownership as of December 31, 2005. Information with respect to Lord, Abnett & Co. LLC is based solely on a Schedule 13G filed with the Securities and Exchange Commission on February 14, 2006.
- (16) Reflects beneficial ownership as of December 31, 2005. Information with respect to FMR Corp., Edward C. Johnson 3d, Abigail P. Johnson and Fidelity Management & Research Company is based solely on a Schedule 13G filed with the Securities and Exchange Commission on February 14, 2006.
- (17) Reflects beneficial ownership as of December 31, 2005. Information with respect to Donald Smith & Co., Inc. is based solely on a Schedule 13G filed with the Securities and Exchange Commission on February 14, 2006.
- (18) Reflects beneficial ownership as of December 31, 2005. Information with respect to Dimensional Fund Advisors Inc. (DFA) is based solely on a Schedule 13G filed with the Securities and Exchange Commission on February 6, 2006. The Schedule 13G notes these shares are owned by various individual and institutional investors that DFA serves as investment adviser with power to direct investments and/or sole power to vote the shares. For purposes of reporting requirements under the Exchange Act, DFA may be deemed to be a beneficial owner of these shares; DFA, however, expressly disclaims that it is the beneficial owner of these shares.
- (19) Reflects beneficial ownership as of December 31, 2005. Information with respect to T. Rowe Price is based solely on a Schedule 13G filed with the Securities and Exchange Commission on February 14, 2006.

## EXECUTIVE COMPENSATION

The following table summarizes the cash and noncash compensation awarded to, earned by or paid to the Chief Executive Officer of Frontier and the top four most highly compensated executive officers of Frontier in the fiscal years ended March 31, 2006, 2005, and 2004.

| Name and Principal Position   | Year | Annual Compensation |            |                                   | Long-Term Compensation Awards |   |
|---|------|---------------------|------------|-----------------------------------|-------------------------------|---|
|   |      | Base Salary (\$)    | Bonus (\$) | Other Annual Compensation (\$)(1) | Restricted Stock (\$)(2)      | Securities Underlying Options/SARs (#)(3) |
| Jeff S. Potter<br>Chief Executive Officer                                     | 2006 | 295,000             | 0          | 11,573                            | 100,299                       | 50,402                                    |
| and<br>President  | 2005 | 276,250             | 0          | 11,713                            | 0                             | 0   |
|   | 2004 | 248,882             | 45,667     | 10,778                            | 0                             | 50,000                                    |
| Paul H. Tate<br>Sr. Vice President, Chief<br>Financial Officer                | 2006 | 200,000             | 0          | 4,772                             | 49,999                        | 25,126                                    |
|   | 2005 | 187,500             | 0          | 4,641                             | 0                             | 0   |
|   | 2004 | 166,699             | 30,469     | 3,854                             | 0                             | 40,000                                    |
| Ann E. Block<br>Sr. Vice President,<br>In-Flight &<br>Administrative Services | 2006 | 175,000             | 0          | 11,686                            | 26,250                        | 13,191                                    |
|   | 2005 | 170,833             | 0          | 12,361                            | 0                             | 0   |
|   | 2004 | 150,802             | 27,593     | 9,910                             | 0                             | 10,000                                    |
| James W. Sullivan, Jr.<br>Vice President, Flight<br>Operations                | 2006 | 164,130             | 0          | 10,573                            | 19,768                        | 9,889                                     |
|   | 2005 | 160,547             | 0          | 10,523                            | 0                             | 30,000                                    |
|   | 2004 | 149,916             | 17,750     | 9,294                             | 0                             | 5,000                                     |
| John B. Happ (4)<br>Sr. Vice President,<br>Marketing & Planning               | 2006 | 147,917             | 0          | 1,792                             | 33,350                        | 16,759                                    |
|   | 2005 | -0-                 | 0          | 0                                 | 0                             | 0   |
|   | 2004 | -0-                 | 0          | 0                                 | 0                             | 0   |

(1) Other annual compensation represents (i) the fair market value of shares contributed to the executive officers' accounts in Frontier's Employee Stock Ownership Plan (ESOP) as of December 31 in each of the fiscal years indicated; and (ii) Frontier's contributions to the executive officers' 401(k) accounts as of December 31 in each of the fiscal years indicated.

For the calendar year ended December 31, 2005, the respective officers' ESOP accounts held the following number of shares of common stock with corresponding values based on the closing price of the common stock on that date: Mr. Potter 6,339 shares valued at \$58,570; Mr. Tate 1,845 shares valued at \$17,047; Ms. Block 2,512 shares valued at \$23,213; Mr. Sullivan 4,908 shares valued at \$45,349, and Mr. Happ 194 shares valued at \$1,792. Mr. Potter, Ms. Block, and Mr. Sullivan are 100% vested in their ESOP accounts, Mr. Tate is 80% vested, and Mr. Happ is 0% vested.

For the calendar year ended December 31, 2005, Frontier made cash contributions to the executive officers' 401(k) accounts as follows: Mr. Potter \$7,000; Mr. Tate \$417; Ms. Block \$7,875; and Mr. Sullivan \$7,000.

(2) Restricted Stock awards are valued at the closing market price on the date of grant. The awards vest five years from the date of grant. As of March 31, 2006, and based on the March 31, 2006 closing price of \$7.70, the aggregate holdings of unvested restricted shares of common stock of the Company were: Mr.



Potter - 9,980 shares (\$76,846); Mr. Tate - 4,975 shares (\$38,307); Ms. Block - 2,612 shares (\$20,112); Mr. Sullivan 1,958 shares (\$15,077); Mr. Happ - 2,651 shares (\$20,413).

(3) The number listed is the number of stock only stock appreciation rights (SOSAR) units granted to each named officer. On March 31, 2006, the closing market price of Frontier's stock was below the grant price of the SOSARs. Accordingly, as of March 31, 2006, the listed officers would not receive any shares of stock under their respective SOSARs.

(4) Mr. Happ joined the Company as Senior Vice President Marketing and Planning on August 1, 2005.

#### Option/SAR Grants in Last Fiscal Year

During the fiscal year ended March 31, 2006, Frontier granted stock only stock appreciation rights (SOSARs) to the Chief Executive Officer and the top four executives named above as shown in the following table.

| Name                   | Number of Securities Underlying Option/SAR Granted (1) | Percent of Total Shares Granted In Fiscal Year | Exercise or Base Price (\$/Sh) | Expiration Date | Grant Date Present Value (2) |
|------------------------|--|--|--------------------------------|-----------------|------------------------------|
| Jeff S. Potter         | 50,402   | 19.54  | % 10.05                        | 04/01/15        | \$ 321,827                   |
| Paul H. Tate           | 25,126   | 9.74   | % 10.05                        | 04/01/15        | \$ 160,435                   |
| Ann E. Block           | 13,191   | 5.11   | % 10.05                        | 04/01/15        | \$ 84,227                    |
| James W. Sullivan, Jr. | 9,889  | 3.83   | % 10.05                        | 04/01/15        | \$ 63,143                    |
| John B. Happ           | 16,759   | 6.50   | % 12.58                        | 08/01/15        | \$ 133,541                   |

(1) On April 1, 2005, Frontier made SOSAR awards to Mr. Potter, Mr. Tate, Ms. Block, and Mr. Sullivan, priced at \$10.05 per share, the closing market price on the grant date. On August 1, 2005, Frontier made a SOSAR award to Mr. Happ priced at \$12.58 per share, the closing market price on the grant date. The SOSARs vest over five years, 20% vesting on each anniversary of the grant date. Upon exercise of a SOSAR, the officer will receive a payment in the number of shares of stock equal to the increase in the price of Frontier's stock at the grant date and the price of Frontier stock at the date the officer exercises their SOSAR.

(2) Calculated using the Black-Scholes method with the following assumptions and adjustments: a risk-free interest rate of 4.06%; a dividend rate of \$0; a volatility factor of the expected market price of Frontier's common stock of 74.41%; and an expected life of 5 years. No downward adjustments were made to the resulting grant-date option values to account for potential forfeiture or non-transferability of the SOSARs in question. Because the Black-Scholes model was not developed for executive options or SOSARs and requires the use of assumptions primarily based on conditions in effect at the time of grant (and not over the term of the SOSAR), it provides only a theoretical estimate of the value of these SOSARs. Frontier is not aware of any option/SOSAR pricing model that can provide a true assessment of the value of the executive SOSARs. Over their lives, the SOSARs could have a greater or a lesser value than that shown in the table, and under some circumstances they could have zero value.

**Aggregated Option Exercises in Last Fiscal Year and Fiscal Year End Option Values**

The following table sets forth certain information regarding options exercised during the fiscal year ended March 31, 2006 by the Chief Executive Officer and the top four other executive officers of Frontier named in the table above.

| Name                   | Shares Acquired on Exercise | Value Realized (\$) | Number of Securities Underlying Unexercised Options at March 31, 2006 |               | Value of Unexercised In-The-Money Options at March 31, 2006 (\$) |               |
|------------------------|-----------------------------|---------------------|---|---------------|--|---------------|
|                        |                             |                     | Exercisable   | Unexercisable | Exercisable  | Unexercisable |
| Jeff S. Potter         | -0-                         | -0-                 | 180,000   | -0-           | -0-  | -0-           |
| Paul H. Tate           | -0-                         | -0-                 | 87,000  | 18,000        | 55,160   | 41,940        |
| Ann E. Block           | -0-                         | -0-                 | 117,000   | -0-           | 45,900   | -0-           |
| James W. Sullivan, Jr. | 6,000                       | 45,780              | 14,300  | 30,000        | 7,650  | 15,300        |
| John B. Happ           | -0-                         | -0-                 | -0-   | -0-           | -0-  | -0-           |

**Compensation Committee Interlocks and Insider Participation**

During the fiscal year ended March 31, 2006, Frontier's Compensation Committee consisted of Patricia A. Engels (Chair), Paul S. Dempsey, William B. McNamara, and James B. Upchurch. There were no interlocking business relationships between Frontier and any member of the Compensation Committee during the fiscal year.

**Report of the Compensation Committee on Executive Compensation**

The Compensation Committee is comprised entirely of independent, non-employee directors. The Compensation Committee, in conjunction with the entire Board, determines the salary and total compensation of Frontier's executive officers.

**Compensation Philosophy.** The Committee desires to create a total executive compensation package that will attract and retain the executive talent necessary to achieve goals consistent with Frontier's business strategy and create maximum shareholder value over time. This compensation philosophy is intended to be the foundation for programs that will accomplish the following goals:

Provide a competitive total compensation package that will attract and retain executive talent with appropriate skill sets and experience.

Motivate Frontier's executives to achieve goals consistent with Frontier's business strategy and reward outstanding results.

Align executive management with shareholder interests.

Recognize individual results and contributions to Frontier's overall business results.

The Compensation Committee regularly examines Frontier's existing compensation levels and evaluates Frontier's compensation against a peer group of low-cost carriers and regional airlines on a size adjusted basis (the Peer Group). The Compensation Committee also looks to larger airlines to evaluate certain trends in the airline industry. Based on its review of the relevant data, the Committee established key elements of Frontier's executive compensation consisting of base salary, an annual performance based bonus, and long-term incentives. The Committee further believes that establishing base salaries below the market average, while placing more emphasis on performance based bonuses and long-term incentives that are above the market average, will promote maximum results and enhance shareholder value. Additional information and details on Frontier's executive compensation program are available in the current report on Form 8-K that Frontier filed with the Securities and Exchange Commission on June 13, 2005.

**Base Salary.** The Compensation Committee targets the base salary levels at below the median for the Peer Group, and weights compensation more heavily towards variable compensation tied to Frontier's profitability. The Compensation Committee determines the base salary for an executive officer based on the responsibilities of the position held, the experience and skills of the individual, the external demand for comparably skilled employees, and the individual's potential impact on Frontier's overall financial and operational performance. Base salary may also be adjusted to reflect the officer's performance and success in achieving specific corporate and individual goals.

**Annual Bonus.** On March 10, 2005, the Board adopted an Executive Bonus Plan for the fiscal year ended March 31, 2006, pursuant to which executive officers and internal directors of Frontier have an annual bonus opportunity, payable in cash, based on Frontier's performance during the fiscal year. The annual bonus program is primarily designed to (a) focus on Frontier's profitability - no bonus will be paid if Frontier is not profitable; (b) promote annual objectives that drive the creation of long-term value for shareholders; and (c) provide a peer performance adjustment as a balance, given the volatility and unpredictability of the airline industry. No bonus was paid for the fiscal year ending March 31, 2006, because Frontier was not profitable.

**Long-Term Incentives.** The Compensation Committee believes strongly that equity compensation is the most effective tool available to ensure that senior executives remain focused on creating long-term value for shareholders. The Committee also believes equity incentives serve as a tool for the retention of executive talent. All equity incentives are granted in accordance with and subject to the Frontier Airlines 2004 Equity Incentive Plan approved by the shareholders of Frontier at its annual meeting held on September 9, 2004.

In 2005, the Compensation Committee reviewed the use of stock option awards and determined that Frontier needed to diversify its long-term equity awards to strengthen the retention component of the awards and reduce the potential for shareholder dilution associated with the

stock option awards. Accordingly, Frontier's executive officers have the opportunity to receive a combination of stock appreciation rights, restricted stock units and a cash incentive payment. Frontier's senior managers will receive a combination of restricted stock units and cash incentive payments. The stock appreciation rights are designed to reward the executive for increases in Frontier's stock price. The performance based cash incentive is designed to reinforce strategic business goals. The restricted stock units are designed to retain and attract key contributors. The long-term nature of these awards (three and five-year vesting) is intended to promote long-term growth and stability and align the executives' personal interests with that of the shareholders.

**Compensation of the Chief Executive Officer.** The philosophy of the Compensation Committee and the Board of Directors is to tie the most significant portion of the Chief Executive Officer's compensation directly to Frontier's success in enhancing shareholder value. The shareholders will benefit through the Chief Executive Officer's leadership in establishing and meeting short-term and medium-term financial and operational goals and his initiative in developing and implementing long-term strategies.

The above-described philosophy guided the Board of Directors in establishing Mr. Potter's compensation. Mr. Potter participates in all programs applicable to Frontier's other senior executives; there are no programs uniquely available to Mr. Potter. Currently, Mr. Potter's base salary is \$295,000 and he participates in the Executive Bonus Plan and the Equity Incentive Plan, with the same performance levels applicable to other executives. Mr. Potter did not receive any bonus for fiscal year 2006 because Frontier did not achieve the minimum pre-tax profit margin. On April 1, 2005, Mr. Potter received 9,980 restricted stock units, vesting in full on April 1, 2010, and 50,402 stock only stock appreciation rights priced at \$10.05, vesting 20% on each anniversary of the grant date. The Compensation Committee believes that Mr. Potter's total compensation is below the median level of comparable airlines with which Frontier competes for executive talent. The structure of Mr. Potter's compensation, in the view of the Board of Directors, aligns his interests with the total return to shareholders.

#### COMPENSATION COMMITTEE

Patricia A. Engels - Chair  
Paul S. Dempsey

James B. Upchurch  
William B. McNamara

### REPORT OF THE AUDIT COMMITTEE

The Audit Committee assists the Board of Directors in reviewing Frontier's financial reporting process. In fulfilling its responsibilities, the Audit Committee (1) reviewed and discussed the interim financial information contained in each quarterly earnings announcement with Frontier's Chief Financial Officer, Chief Executive Officer, and independent auditors prior to public release; (2) reviewed and discussed the audited financial information contained in the annual report with Frontier's Chief Financial Officer, Chief Executive Officer, and independent auditors prior to public release; (3) obtained from the independent auditors written disclosures and the letter describing all relationships between the auditors and Frontier that might bear on the auditors' independence consistent with Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, discussed with the auditors any relationships that may impact their objectivity and independence, and satisfied itself as to the auditors' independence; (4) discussed with management, the internal auditors and the independent auditors the quality and adequacy of Frontier's internal controls and the internal audit function's organization, responsibilities, budget and staffing; and (5) reviewed with both the independent and the internal auditors their audit plans, audit scope, and identification of audit risks.

In addition, the Audit Committee discussed and reviewed with the independent auditors all communications required by generally accepted accounting standards, including those described in Statement on Auditing Standards No. 61, as amended, Communication with Audit Committees and, with and without management present, discussed and reviewed the results of the independent auditors' examination of the financial statements. The Audit Committee also discussed the results of the internal audit examinations.

The Audit Committee reviewed the audited financial statements of Frontier as of and for the fiscal year ended March 31, 2006, with management and the independent auditors. Management is responsible for the preparation of Frontier's financial statements and the independent auditors are responsible for the examination of those statements. Based on these reviews and discussions, the Audit Committee recommended to the Board of Directors that Frontier's audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended March 31, 2006 for filing with the Securities and Exchange Commission. The Audit Committee also approved the reappointment of KPMG LLP as Frontier's independent auditors, and the Board of Directors concurred in such approval.

#### AUDIT COMMITTEE MEMBERS

D. Dale Browning - Chair  
B. LaRae Orullian  
Patricia A. Engels

## ADDITIONAL INFORMATION

### Performance Graph

The following graph shows the cumulative total shareholder return on Frontier's common stock compared to the cumulative total return of two other indices: (i) The Nasdaq National Market Composite Index of U.S. Companies (IXICN), and (ii) the Peer Group Index of similar line-of-business companies consisting of Midwest Express Airlines (MEH), AirTran Holdings, Inc. (AAI), and JetBlue Airways Corporation (JBLU) (the Peer Group). JetBlue did not begin trading until April 2002, and is not included in the Peer Group Index until fiscal year 2003. The graph shows the value at the end of each of the last five fiscal years of \$100 invested in Frontier's common stock or the indices on March 31, 2001, assumes reinvestment of dividends, and takes into account stock splits. Historical stock price performance is not necessarily indicative of future stock price performance.

|                         | Mar-01 | Mar-02 | Mar-03 | Mar-04 | Mar-05 | Mar-06 |
|-------------------------|--------|--------|--------|--------|--------|--------|
| Frontier Airlines, Inc. | 100    | 150.29 | 40.77  | 85.48  | 85.97  | 63.17  |
| NASDAQ Market Index     | 100    | 100.28 | 72.88  | 108.37 | 108.64 | 127.15 |
| Peer Group Index        | 100    | 96.43  | 62.06  | 101.78 | 75.20  | 117.65 |

**Equity Compensation Plan Information**

The following table sets forth certain information regarding common stock that may be issued upon the exercise of options, warrants, and rights under Frontier's equity compensation plans as of March 31, 2006, including the 1994 Stock Option Plan and 2004 Equity Incentive Plan.

The following table summarizes Frontier's equity compensation plans as of March 31, 2006.

| <b>Plan Category</b>                                   | <b>Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants, and Rights</b> | <b>Weighted Average Exercise Price of Outstanding Options, Warrants, and Rights (\$)</b> | <b>Number of Securities Available for Future Issuance Under Equity Compensation Plans</b> |
|--|---|--|---|
| Equity compensation plans approved by shareholders (1) | 2,640,391   | 11.08  | 2,046,159   |
| Equity compensation plans not approved by shareholders | N/A   | N/A  | N/A   |
| <b>Total</b>   | <b>2,640,391</b>  | <b>11.08</b>   | <b>2,046,159</b>  |

(1) As of March 31, 2006, these figures include 2,396,550 outstanding options with a weighted average exercise price of \$11.13, 75,604 restricted stock units with a weighted average grant date market value of \$10.15, and 168,237 stock only stock appreciation rights with a weighted average grant date fair value of \$10.28. See Note 13 of Notes to Financial Statement in Frontier's Annual Report on Form 10-K for the fiscal year ended March 31, 2006 for a description of equity based compensation plans.

These figures also include the options for 200,000 shares granted to Samuel D. Addoms on April 1, 2002 under the Director Compensation Agreement that took effect upon his resignation as Chief Executive Officer. See the section above entitled Samuel D. Addoms Severance Agreement. While the options for the 200,000 shares were granted to Mr. Addoms under the 1994 Stock Option Plan, the Director Compensation Agreement was entered into without shareholder approval.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Act requires Frontier's directors, officers and holders of more than 10% of Frontier's Common Stock to file with the SEC initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of Frontier. Based solely on a review of these Section 16 reports, Frontier believes that during and for the fiscal year ended March 31,

2006, its officers, directors and 10% shareholders timely complied with all Section 16(a) filing requirements.

## SHAREHOLDER PROPOSALS

Shareholders are entitled to submit proposals on matters appropriate for shareholder action consistent with regulations of the Securities and Exchange Commission and Frontier's bylaws. If a shareholder wishes to have a proposal appear in Frontier's proxy statement for next year's annual meeting, under the regulations of the Securities and Exchange Commission the proposal must be received by Frontier's corporate secretary at 7001 Tower Road, Denver, Colorado 80249-7312 on or before March 30, 2007. Any proposals received after June 8, 2007 will not be considered at Frontier's 2007 annual meeting.

## INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP has acted as independent public accountants for Frontier continuously since 1994. A representative of KPMG LLP will be present at the Annual Meeting, will have the opportunity to make a statement if he or she desires to do so, and will be available to respond to appropriate questions.

KPMG LLP was selected by the Audit Committee to perform the audit function for fiscal year 2006. No independent registered public accounting firm has yet been selected to perform the audit function for fiscal year 2007. It is expected that the Audit Committee will approve the engagement of an auditor at a meeting to be held in September 2006, or subsequent thereto.

## AUDIT AND NON-AUDIT FEES

The following table presents fees for audit services and other professional services provided by KPMG LLP for fiscal years 2006 and 2005:

|                              | 2006       | 2005         |
|------------------------------|------------|--------------|
| Audit Fees                   | \$ 866,250 | \$ 843,645   |
| Audit-related Fees           | \$ 30,000  | \$ 34,400    |
| Audit and Audit-related Fees | \$ 896,250 | \$ 878,045   |
| Tax Fees                     | \$ 9,033   | \$ 122,895   |
| All other Fees               | -0-        | -0-          |
| Total Fees                   | \$ 905,283 | \$ 1,000,940 |

For purposes of the preceding table, the professional fees are classified as follows:



Audit Fees consisted of professional services billed for the audit of the financial statements included in our Form 10-K filings, the review of financial statements included in our Form 10-Q filings, registration statements and letters to underwriters, and consents and assistance with and review of documents filed with the SEC. Audit fees for each year shown include amounts billed to us through the date of this proxy statement for that particular year.

Audit-related Fees consisted of professional consultations with respect to accounting issues affecting Frontier's financial statements, and the audit of passenger facility charges collected, withheld, refunded/exchanged, and remitted.

Tax Fees consisted of tax compliance and consultations regarding the tax implications of certain transactions.

#### **Audit Committee Pre-Approval Policies and Procedures**

Consistent with SEC rules regarding auditor independence, the Audit Committee pre-approves all audit and permissible non-audit services provided by the independent auditors. Prior to engaging the independent auditors, the Audit Committee reviews a list of audit, audit related, and tax services the independent auditor expects to provide during the fiscal year, as well as the proposed fees for each of these services. The Audit Committee pre-approves the services and the related proposed fees if the services are compatible with maintaining the auditor's independence. During the year, circumstances may arise when it may become necessary to engage the independent auditors for additional services not contemplated in the initial annual proposal. In those instances, the Audit Committee must pre-approve the additional services and related fees before the independent auditors may be engaged to provide the additional services. All services KPMG LLP performed for Frontier during fiscal year 2006 were approved under the Audit Committee's pre-approval guidelines.

#### **OTHER BUSINESS**

This Proxy Statement describes all items of business that management will bring before the Annual Meeting. Management knows of no other business to be presented. If other matters of business not presently known to management are properly raised at the meeting, the proxies will vote on the matters in accordance with their best judgment.

#### **ANNUAL REPORT**

Frontier's 2006 Annual Report on Form 10-K, which includes financial statements, but which does not constitute a part of the proxy solicitation material, accompanies this Proxy Statement. The Annual Report on Form 10-K is also available on the Internet at [www.frontierairlines.com](http://www.frontierairlines.com) in the Investor Relations section.

**NOTE: SHAREHOLDERS ARE REQUESTED TO SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY CARD, USING THE ENCLOSED POSTAGE PREPAID ENVELOPE.**

Please Mark Here for Address Change or Comments  
**SEE REVERSE SIDE**

**1. Election of seven directors**

|                        |                       |                       |
|------------------------|-----------------------|-----------------------|
| 01 Samuel D. Addoms,   | FOR                   | WITHHOLD              |
| 02 D. Dale Browning,   | ALL                   | FROM ALL              |
| 03 Paul S. Dempsey,    | NOMINEES              | NOMINEES              |
| 04 Patricia A. Engels, | <input type="radio"/> | <input type="radio"/> |
| 05 B. LaRae Orullian,  |                       |                       |
| 06 Jeff S. Potter,     |                       |                       |
| 07 James B. Upchurch.  |                       |                       |

**INSTRUCTION: To withhold authority to vote for an individual nominee, write the nominee's name in the space provided:**

2. To transact any other business which is properly presented at the Annual Meeting or any adjournment of that meeting.

WILL ATTEND

Choose **MLinkSM** for fast, easy and secure 24/7 online access to your future proxy materials, investment plan statements, tax documents and more. Simply log on to **Investor ServiceDirect®** at [www.melloninvestor.com/isd](http://www.melloninvestor.com/isd) where step-by-step instructions will prompt you through enrollment.

**If planning on attending the meeting in person, please indicate in the box in the right hand corner above.**

Dated: \_\_\_\_\_, 2006

Signature of Shareholder

Signature of Shareholder

Please date and sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, trustee, or guardian, etc., you should indicate your full title. If stock is in joint name(s), each joint owner should sign.

**FOLD AND DETACH HERE**

**Vote by Internet or Telephone or Mail  
24 Hours a Day, 7 Days a Week**

**Internet and telephone voting is available through 11:59 PM Eastern Time  
the day prior to annual meeting day.**

**Your Internet or telephone vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.**

**Internet**

**<http://www.proxyvoting.com/frnt>**

Use the Internet to vote your proxy.  
Have your proxy card in hand when  
you access the web site.

**Telephone**

**1-866-540-5760**

Use any touch-tone telephone to  
vote your proxy. Have your proxy  
card in hand when you call.

**Mail**

Mark, sign and date your proxy  
card and return it in the enclosed  
postage-paid envelope.

**If you vote your proxy by Internet or by telephone,  
you do NOT need to mail back your proxy card.**

**PROXY**

**FRONTIER AIRLINES HOLDINGS, INC.  
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby authorizes Jeff S. Potter, Paul H. Tate, and David Sislowski as Proxies with full power in each to act without the other and with the power of substitution in each, to represent and to vote at the 2006 Annual Meeting of Shareholders of Frontier Airlines Holdings, Inc., a Delaware corporation, which will be held on Thursday, September 7, 2006 at 9:30 a.m. local time at the Denver Airport Marriott at Gateway Park, 16455 E. 40th Circle, Aurora, Colorado 80011, or at any postponements or adjournments thereof, and instructs said Proxies to vote as follows:

Shares represented by this proxy will be voted as directed by the shareholder. If no such directions are indicated, the Proxies will have the authority to vote FOR the election of directors and in accordance with the discretion of the Proxies on any other matters as may properly come before the Annual Meeting.

**CONTINUED AND TO BE SIGNED ON REVERSE SIDE**

**SEE REVERSE  
SIDE**

**SEE REVERSE  
SIDE**

**Address Change/Comments (Mark the corresponding box on the reverse side)**

**FOLD AND DETACH HERE**

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Access your Frontier Airlines Holdings, Inc. shareholder account online via Investor ServiceDirect® (ISD).

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