SP Acquisition Holdings, Inc.
Form S-4/A
September 22, 2009

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As filed with the Securities and Exchange Commission on September 22, 2009
Registration No. 333-161250

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 3 TO
Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

SP ACQUISITION HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**6770**	**20-8523583**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

SP Acquisition Holdings, Inc.
590 Madison Avenue
32nd Floor
New York, New York 10022
(212) 520-2300
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Warren G. Lichtenstein
Chairman, President and Chief Executive Officer
SP Acquisition Holdings, Inc.
590 Madison Avenue
32nd Floor
New York, New York 10022
(212) 520-2300
Fax: (212) 520-2343
(Name, address, including zip code, and telephone number, including area code, of agent for service)
Copies to:

Steven Wolosky **Kenneth A. Schlesinger** **Olshan Grundman Frome Rosenzweig & Wolosky LLP** **Park Avenue Tower** **65 East 55th Street** **New York, New York 10022** **(212) 451-2300**	**Douglas S. Ellenoff** **Stuart Neuhauser** **Asim Grabowski-Shaikh** **Ellenoff Grossman & Schole LLP** **150 East 42nd Street** **New York, New York 10017** **(212) 370-1300**	**Glen P. Garrison** **Thomas A. Sterken** **Keller Rohrback LLP** **1201 Third Avenue, Suite 3200** **Seattle, Washington 98101-3052** **(206) 623-1900**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective and all other conditions to the merger contemplated by the merger agreement described in the included proxy statement/prospectus have been satisfied or waived.

If the securities being registered on this Form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o Accelerated filer þ Non-accelerated filer o Smaller reporting company o
(Do not check if a smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) o

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Security(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(2)
Common Stock, $0.001 par value	2,512,000	N/A	$34,591,055.11(2)	$1,930.18(2)(4)
Warrants to purchase shares of Common Stock	2,512,000	N/A	(3)	(3)

(1) Based upon the maximum number of shares of common stock of SP Acquisition Holdings, Inc. that may be issued in exchange for shares of common stock of Frontier Financial Corporation pursuant to the merger described in the joint proxy statement/prospectus which is a part of this registration statement. Pursuant to Rule 416, this registration statement also covers an indeterminate number of shares of common stock as may become issuable as a result of stock splits, stock dividends, or similar transactions.

(2) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act of 1933, as amended. The proposed maximum aggregate offering price for SP Acquisition Holdings, Inc. s common stock was calculated based upon the market value of shares of Frontier Financial Corporation common stock (the securities being cancelled in the merger) in accordance with Rules 457(c) and (f) of the Securities Act as follows: the product of (x) $0.73, the average of the high and low sales prices of Frontier Financial Corporation common stock, as reported on the NASDAQ Global Select Market, on September 1, 2009, and (y) 47,385,007, the estimated maximum number of shares of Frontier Financial Corporation common stock that may be exchanged for shares of common stock of SP Acquisition Holdings, Inc., including 253,154 shares of Frontier Financial Corporation restricted stock which will vest upon consummation of the merger.

(3) The registration fee is calculated in accordance with footnote 2 above. For each share of common stock of Frontier Financial Corporation exchanged in the merger, the holder thereof will be entitled to receive 0.0530 shares of common stock of SP Acquisition Holdings, Inc. and 0.0530 warrants to purchase common stock of SP Acquisition Holdings, Inc.

(4) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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SP ACQUISITION HOLDINGS, INC.
590 Madison Avenue
32nd Floor
New York, New York 10022

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To Be Held on October 8, 2009

To the Stockholders of SP Acquisition Holdings, Inc.:

Notice is hereby given that a special meeting of the stockholders of SP Acquisition Holdings, Inc. (SPAH) will be held on October 8, 2009 at 11:00 a.m., local time, at the offices of Olshan Grundman Frome Rosenzweig & Wolosky LLP, at Park Avenue Tower, 65 East 55th Street, New York, New York 10022. The special meeting is being called for the following purposes:

(1) To consider and vote upon a proposal to adopt an amendment to the amended and restated certificate of incorporation of SPAH (the SPAH Certificate of Incorporation) to eliminate the requirement that the fair market value of the target business equal at least 80% of the balance of SPAH s trust account, to be effective immediately prior to the consummation of the merger described below (Proposal No. 1)

(2) To consider and vote upon a proposal to adopt an amendment to the SPAH Certificate of Incorporation to provide that SPAH cannot consummate the merger unless up to at least 10% (minus one share) but no more than 30% (minus one share) of SPAH public stockholders are able to exercise their conversion rights, to be effective immediately prior to the consummation of the merger described below (Proposal No. 2 and, together with Proposal No. 1, the Initial Charter Amendments);

(3) To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of July 30, 2009, by and between SPAH and Frontier Financial Corporation (Frontier), as amended by Amendment No. 1 to Agreement and Plan of Merger, dated as of August 10, 2009, pursuant to which Frontier will merge with and into SPAH, as described in more detail in the accompanying joint proxy statement/prospectus;

(4) To consider and vote upon a proposal to adopt an amendment to the SPAH Certificate of Incorporation to change SPAH s corporate name to Frontier Financial Corporation, to be effective upon consummation of the merger (the Name Change Proposal);

(5) To consider and vote upon a proposal to adopt an amendment to the SPAH Certificate of Incorporation to permit SPAH s continued existence after October 10, 2009, to be effective upon consummation of the merger (the Continued Existence Proposal);

(6) To consider and vote upon a proposal to adopt an amendment to the SPAH Certificate of Incorporation to create a new class of common stock of SPAH (Non-Voting Common Stock) to have economic rights but no voting rights, to be effective upon consummation of the merger (the New Class Proposal and, together with the Name Change Proposal and the Continued Existence Proposal, the Subsequent Charter Amendments); and

(7) To consider and vote upon a proposal to elect to the Board of Directors of SPAH, Warren G. Lichtenstein, who will serve as Chairman of the Board, and, if the merger is consummated, four directors from Frontier, comprised of Patrick M. Fahey, Lucy DeYoung, Mark O. Zenger and David M. Cuthill, each of whom currently serve on the Board of Directors of Frontier, in each case to serve until the next annual meeting of SPAH and until their successors shall have been elected and qualified.

At the special meeting, we may transact such other business as may properly come before the meeting and any adjournments or postponements thereof.

The SPAH Certificate of Incorporation purports to prohibit amendments to certain of its provisions, including the proposed Initial Charter Amendments, without the unanimous consent of the holders of all of SPAH s outstanding shares of common stock. However, SPAH believes, and has received an opinion from its special

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Delaware counsel that while the matter has not been settled as a matter of Delaware law and, accordingly, is not entirely free from doubt, the Initial Charter Amendments, if duly approved by a majority of the shares of SPAH s outstanding common stock entitled to vote at the special meeting, will be valid under Delaware law.

Since SPAH s initial public offering prospectus did not disclose that SPAH would seek approval of the Initial Charter Amendments and the New Class Proposal, among other things, each SPAH stockholder at the time of the merger that purchased shares in, or subsequent to, SPAH s initial public offering up to and until the record date, may have securities law claims against SPAH for rescission or damages. See The Merger and the Merger Agreement Rescission Rights for additional information.

Immediately prior to the special meeting of stockholders, SPAH has scheduled a special meeting of warrantholders to consider and vote upon a proposal to amend certain terms of the warrant agreement that governs the terms of SPAH s outstanding warrants to purchase common stock, as more fully described in the accompanying joint proxy statement/prospectus. If the requisite approval is received, the Initial Charter Amendments will be filed with the Delaware Secretary of State immediately upon its approval and prior to the stockholders consideration of the merger proposal at the special meeting of stockholders. Accordingly, the proposal to adopt the merger agreement will only be presented for a vote at the special meeting if (i) the Initial Charter Amendments are adopted by SPAH stockholders and (ii) the proposal to amend the warrant agreement is approved by SPAH warrantholders. The Subsequent Charter Amendments and the election of the Frontier nominees will only be effected in the event and at the time the merger with Frontier is consummated, although approval of the Subsequent Charter Amendments is a condition to closing the merger. The election of Mr. Lichtenstein does not require the approval of any other proposals to be effective.

SPAH has fixed the close of business on September 17, 2009 as the record date for determining those stockholders entitled to notice of, and to vote at, the special meeting and any adjournments or postponements thereof.

If you hold shares of common stock issued in SPAH s initial public offering (whether such shares were acquired pursuant to such initial public offering or afterwards up to and until the record date), then you have the right to vote against the merger proposal and demand that SPAH convert such shares into cash equal to a pro rata share of the aggregate amount then on deposit in the trust account in which a substantial portion of the net proceeds of SPAH s initial public offering are held. For more information regarding your conversion rights, see the discussion under the heading The Merger and the Merger Agreement Conversion Rights of SPAH Stockholders of the accompanying joint proxy statement/prospectus.

Whether or not you plan to attend the special meeting in person, please complete, date, sign and return the enclosed proxy card as promptly as possible. SPAH has enclosed a postage prepaid envelope for that purpose. Any SPAH stockholder may revoke his or her proxy by following the instructions in the joint proxy statement/prospectus at any time before the proxy has been voted at the special meeting. Even if you have given your proxy, you may still vote in person if you attend the special meeting.

SPAH encourages you to vote on these very important matters. The Board of Directors of SPAH unanimously recommends that SPAH stockholders vote FOR each of the proposals above.

By Order of the Board of Directors,

/s/ Warren G. Lichtenstein

Warren G. Lichtenstein

Chairman, President and Chief Executive

Officer

September 23, 2009

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SP ACQUISITION HOLDINGS, INC.
590 Madison Avenue
32nd Floor
New York, New York 10022

PROXY STATEMENT FOR SPECIAL MEETING OF STOCKHOLDERS
To Be Held on October 8, 2009

To the Stockholders of SP Acquisition Holdings, Inc.:

You are cordially invited to attend a special meeting of the stockholders of SP Acquisition Holdings, Inc. (SPAH). The special meeting will be held on October 8, 2009 at 11:00 a.m., local time, at the offices of Olshan Grundman Frome Rosenzweig & Wolosky LLP, at Park Avenue Tower, 65 East 55th Street, New York, New York 10022.

At the special meeting, you will be asked to consider and vote on:

(1) a proposal to adopt an amendment to the amended and restated certificate of incorporation of SPAH (the SPAH Certificate of Incorporation) to eliminate the requirement that the fair market value of the target business equal at least 80% of the balance of SPAH s trust account, effective immediately prior to the consummation of the merger described below (the Proposal No. 1);

(2) a proposal to adopt an amendment to the SPAH Certificate of Incorporation to provide that SPAH cannot consummate the merger unless up to at least 10% (minus one share) but no more than 30% (minus one share) of SPAH public stockholders are able to exercise their conversion rights, to be effective immediately prior to the consummation of the merger described below (Proposal No. 2 and, together with Proposal No. 1, the Initial Charter Amendments);

(3) a proposal to adopt the Agreement and Plan of Merger, dated as of July 30, 2009, by and between SPAH and Frontier Financial Corporation (Frontier), as amended by Amendment No. 1 to Agreement and Plan of Merger, dated as of August 10, 2009, pursuant to which Frontier will merge with and into SPAH (the Merger Proposal);

(4) a proposal to adopt an amendment to the SPAH Certificate of Incorporation to change SPAH s corporate name to Frontier Financial Corporation, to be effective upon consummation of the merger (the Name Change Proposal);

(5) a proposal to adopt an amendment to the SPAH Certificate of Incorporation to permit SPAH s continued existence after October 10, 2009, to be effective upon consummation of the merger (the Continued Existence Proposal);

(6)

a proposal to adopt an amendment to the SPAH Certificate of Incorporation to create a new class of common stock of SPAH (Non-Voting Common Stock) to have economic rights but no voting rights, to be effective upon consummation of the merger (the New Class Proposal and, together with the Name Change Proposal and the Continued Existence Proposal, the Subsequent Charter Amendments);

(7) a proposal to elect to the Board of Directors of SPAH, Warren G. Lichtenstein, who will serve as Chairman of the Board, and, if the merger is consummated, four directors from Frontier, comprised of Patrick M. Fahey, Lucy DeYoung, Mark O. Zenger and David M. Cuthill, each of whom currently serve on the Board of Directors of Frontier, in each case to serve until the next annual meeting of SPAH and until their successors shall have been elected and qualified; and

(8) any other matters that may properly come before the special meeting or any adjournments or postponements thereof.

The SPAH Certificate of Incorporation purports to prohibit amendments to certain of its provisions, including the proposed Initial Charter Amendments, without the unanimous consent of the holders of all of SPAH s outstanding shares of common stock. However, SPAH believes, and has received an opinion from its special Delaware counsel that while the matter has not been settled as a matter of Delaware law and, accordingly, is not

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entirely free from doubt, the Initial Charter Amendments, if duly approved by a majority of the shares of SPAH s outstanding common stock entitled to vote at the special meeting, will be valid under Delaware law.

Adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of SPAH common stock entitled to vote at the special meeting. The SPAH Certificate of Incorporation also requires that the holders of a majority of SPAH s outstanding shares of common stock issued in SPAH s initial public offering are voted, in person or by proxy, in favor of the merger and that such SPAH public stockholders owning no more than 30% (minus one share) of the shares sold in SPAH s initial public offering vote against the merger and thereafter exercise their conversion rights as described below. If Proposal No. 2 is approved and adopted, it is a condition to closing the merger agreement that holders of no more than 10% of the shares (minus one share) sold in SPAH s initial public offering vote against the merger and exercise their conversion rights, although at SPAH s discretion, this closing condition may be waived in order to consummate the merger. Accordingly, SPAH may not consummate the merger if 10% or more of the holders of shares sold in or subsequent to SPAH s initial public offering elect to exercise their conversion rights. If SPAH elects to waive this closing condition, it may raise the conversion threshold to anywhere between 10% to 30% (minus one share). SPAH does not believe it will raise the conversion threshold and currently intends only to raise the conversion threshold if it believes that the combined entity will have sufficient Tier 1 capital to return to compliance levels.

Adoption of the Subsequent Charter Amendments requires the affirmative vote of a majority of the shares of SPAH s outstanding common stock entitled to vote at the special meeting. Directors will be elected by a plurality of the votes cast by stockholders present in person or represented by proxy and entitled to vote at the special meeting.

Since SPAH s initial public offering prospectus did not disclose that SPAH would seek approval of the Initial Charter Amendments and the New Class Proposal, among other things, each SPAH stockholder at the time of the merger that purchased shares in, or subsequent to, SPAH s initial public offering up to and until the record date, may have securities law claims against SPAH for rescission or damages. See The Merger and the Merger Agreement Rescission Rights for additional information.

Immediately prior to the special meeting of stockholders, SPAH has scheduled a special meeting of warrantholders to consider and vote upon a proposal to amend certain terms of the warrant agreement that governs the terms of SPAH s outstanding warrants to purchase common stock, as more fully described in the accompanying joint proxy statement/prospectus. If the requisite approval is received, the Initial Charter Amendments will be filed with the Delaware Secretary of State immediately upon its approval and prior to the stockholders consideration of the merger proposal at the special meeting of stockholders. Accordingly, the proposal to adopt the merger agreement will only be presented for a vote at the special meeting if (i) the Initial Charter Amendments are adopted by SPAH stockholders and (ii) the proposal to amend the warrant agreement is approved by SPAH warrantholders. The Subsequent Charter Amendments and the election of the Frontier nominees will only be effected in the event and at the time the merger with Frontier is consummated, although approval of the Subsequent Charter Amendments is a condition to closing the merger. The election of Mr. Lichtenstein does not require the approval of any other proposals to be effective.

Only holders of record of SPAH common stock at the close of business on September 17, 2009 are entitled to notice of the special meeting and to vote and have their votes counted at the special meeting and any adjournments or postponements thereof.

If you hold shares of common stock issued in SPAH s initial public offering (whether such shares were acquired pursuant to such initial public offering or afterwards up to and until the record date for the special meeting), then you have the right to vote against the merger proposal and demand that SPAH convert such shares into cash equal to a pro rata share of the aggregate amount then on deposit in the trust account in which a substantial portion of the net proceeds of SPAH s initial public offering are held (before payment of deferred underwriting discounts and

commissions and including interest earned on their pro rata portion of the trust account, net of income taxes payable on such interest and net of interest income of $3.5 million on the trust account balance previously released to SPAH to fund its working capital requirements). As of September 17, 2009, there was approximately $426,253,057 in SPAH s trust account (including accrued interest on the funds in the trust account and excluding an estimated tax overpayment due to SPAH, which totaled $621,905 as of June 30, 2009), or approximately $9.85 per share issued in the initial public offering. The actual per share conversion price will differ from the $9.85 per share due to any interest earned on the funds in the trust account since September 17, 2009, and any taxes payable in respect of interest earned thereon.

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If you wish to exercise your conversion rights, you must:

affirmatively vote against the merger proposal in person or by submitting your proxy card before the vote on the merger proposal and checking the box that states Against for the Merger Proposal; and

either:

check the box that states I HEREBY EXERCISE MY CONVERSION RIGHTS on the proxy card; or

send a letter to SPAH s transfer agent, Continental Stock Transfer & Trust Company, at 17 Battery Place, 8th Floor, New York, NY 10004, attn: Mark Zimkind, stating that you are exercising your conversion rights and demanding your shares of SPAH common stock be converted into cash; and

either:

physically tender, or if you hold your shares of SPAH common stock in street name, cause your broker to physically tender, your stock certificates representing shares of SPAH common stock to SPAH s transfer agent; or

deliver your shares electronically using the Depository Trust Company s DWAC (Deposit/Withdrawal At Custodian) System, to SPAH s transfer agent, in either case by October 8, 2009 or such other later date if the special meeting of SPAH stockholders is adjourned or postponed.

Accordingly, a SPAH stockholder would have from the time we send out this joint proxy statement/prospectus through the vote on the merger to deliver his or her shares if he or she wishes to seek to exercise his or her conversion rights. See Summary Term Sheet The Merger and the Merger Agreement SPAH Conversion Rights and The Merger and the Merger Agreement Conversion Rights of SPAH Stockholders.

Prior to exercising your conversion rights, you should verify the market price of SPAH s common stock, as you may receive higher proceeds from the sale of your common stock in the public market than from exercising your conversion rights. Shares of SPAH s common stock are currently quoted on the NYSE AMEX LLC under the symbol DSP. On September 17, 2009, the record date for the special meeting of stockholders, the last sale price of SPAH s common stock was $9.81. Your shares will only be converted if the merger is consummated and you voted against the merger and properly demanded conversion rights according to the instructions in this letter and the joint proxy statement/prospectus.

Each of SP Acq LLC, Steel Partners II, L.P. (SP II) and Anthony Bergamo, Ronald LaBow, Howard M. Lorber, Leonard Toboroff and S. Nicholas Walker, each a director of SPAH, or their permitted transferees (collectively, the SPAH insiders), previously agreed to vote their 10,822,400 shares of SPAH common stock acquired prior to SPAH s initial public offering (which constitute approximately 20% of SPAH s outstanding shares of common stock), either for or against the Merger Proposal consistent with the majority of the votes cast on the merger by the holders of the shares of common stock issued in, or subsequent to, SPAH s initial public offering. To the extent any SPAH insider or officer or director of SPAH has acquired shares of SPAH common stock in, or subsequent to, SPAH s initial public offering, it, he or she has agreed to vote these acquired shares in favor of the Merger Proposal. As of the date hereof, none of the SPAH insiders or officers or directors of SPAH own any shares sold in, or subsequent to, SPAH s initial public offering. The SPAH insiders have further indicated that they will vote all of their shares in favor of the adoption of the amendments to the SPAH Certificate of Incorporation and for the election of each director nominee to the Board of Directors of SPAH. Pursuant to a plan of reorganization, SP II has contributed certain assets, including its shares of SPAH common stock and warrants, to a liquidating trust. The trust has agreed to assume all of SP II s rights and

obligations with respect to these shares and warrants, including to vote in accordance with the foregoing.

Upon consummation of the merger, SP Acq LLC and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker have agreed to forfeit an aggregate of 9,453,412 shares purchased prior to SPAH s initial public offering, constituting approximately 17.5% of SPAH s outstanding shares of common stock as of the record date.

The Board of Directors of SPAH has unanimously determined that the proposals and the transactions contemplated thereby are fair to and in the best interests of SPAH and its stockholders. The Board of Directors of SPAH recommends that you vote, or give instruction to vote, FOR the adoption of each of the proposals and that you vote in favor of each of the director nominees.

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The accompanying joint proxy statement/prospectus contains detailed information concerning the Merger Proposal and the transactions contemplated by the merger agreement, as well as detailed information concerning each of the proposals. We urge you to read the joint proxy statement/prospectus and attached annexes carefully.

Your vote is important. Whether or not you plan to attend the special meeting in person, please sign, date and return the enclosed proxy card as soon as possible in the envelope provided.

I look forward to seeing you at the meeting.

By Order of the Board of Directors,

/s/ Warren G. Lichtenstein

Warren G. Lichtenstein

Chairman, President and Chief Executive
Officer

TAKING ANY ACTION THAT DOES NOT INCLUDE AN AFFIRMATIVE VOTE AGAINST THE MERGER, INCLUDING ABSTAINING FROM VOTING ON THE MERGER PROPOSAL, WILL PREVENT YOU FROM EXERCISING YOUR CONVERSION RIGHTS. YOU MUST AFFIRMATIVELY VOTE AGAINST THE MERGER PROPOSAL IN PERSON OR BY SUBMITTING YOUR PROXY CARD BEFORE THE VOTE ON THE MERGER PROPOSAL TO EXERCISE YOUR CONVERSION RIGHTS. IN ORDER TO CONVERT YOUR SHARES, YOU MUST ALSO EITHER PHYSICALLY TENDER, OR IF YOU HOLD YOUR SHARES OF SPAH COMMON STOCK IN STREET NAME, CAUSE YOUR BROKER TO PHYSICALLY TENDER, YOUR STOCK CERTIFICATES REPRESENTING SHARES OF SPAH COMMON STOCK TO SPAH S TRANSFER AGENT OR DELIVER YOUR SHARES ELECTRONICALLY USING THE DEPOSITORY TRUST COMPANY S DWAC SYSTEM, TO SPAH S TRANSFER AGENT BY OCTOBER 8, 2009 OR SUCH OTHER LATER DATE IF THE SPECIAL MEETING OF SPAH STOCKHOLDERS IS ADJOURNED OR POSTPONED. FAILURE TO MEET THESE REQUIREMENTS WILL CAUSE YOUR CONVERSION DEMAND TO BE REJECTED. SEE THE SECTIONS ENTITLED SUMMARY TERM SHEET THE MERGER AND THE MERGER AGREEMENT SPAH CONVERSION RIGHTS AND THE MERGER AND THE MERGER AGREEMENT CONVERSION RIGHTS OF SPAH STOCKHOLDERS FOR MORE SPECIFIC INSTRUCTIONS.

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SP ACQUISITION HOLDINGS, INC.
590 Madison Avenue
32nd Floor
New York, New York 10022

NOTICE OF SPECIAL MEETING OF WARRANTHOLDERS
To Be Held on October 8, 2009

To the Warrantholders of SP Acquisition Holdings, Inc.:

Notice is hereby given that a special meeting of the warrantholders of SP Acquisition Holdings, Inc. (SPAH) will be held on October 8, 2009 at 10:00 a.m., local time, at the offices of Olshan Grundman Frome Rosenzweig & Wolosky LLP, at Park Avenue Tower, 65 East 55th Street, New York, New York 10022. The special meeting is being called to consider and vote upon a proposal to amend certain terms of the Amended and Restated Warrant Agreement, dated as of October 4, 2007, by and between SPAH and Continental Stock Transfer & Trust Company, which governs the terms of SPAH s outstanding warrants to purchase common stock (the Warrant Agreement), in connection with the consummation of the transactions contemplated by the Agreement and Plan of Merger, dated as of July 30, 2009, by and between SPAH and Frontier Financial Corporation (Frontier), as amended by Amendment No. 1 to Agreement and Plan of Merger, dated as of August 10, 2009, which, among other things, provides for the merger of Frontier with and into SPAH, with SPAH being the surviving entity.

The proposed amendment to the Warrant Agreement, to become effective upon consummation of the merger, will:

- increase the exercise price of the warrants from $7.50 per share to $11.50 per share of SPAH common stock;
- amend the warrant exercise period to (i) eliminate the requirement that the initial founder s warrants owned by the SPAH insiders become exercisable only after the consummation of an initial business combination if and when the last sales price of SPAH common stock exceeds $14.25 per share for any 20 trading days within a 30 trading day period beginning 90 days after such business combination and (ii) extend the expiration date of the warrants to the earlier of (x) seven years from the consummation of the merger or (y) the date fixed for redemption of the warrants set forth in the warrant agreement;
- provide for the mandatory downward adjustment of the exercise price for each warrant to reflect any cash dividends paid with respect to the outstanding common stock of SPAH;
- provide that no adjustment in the number of shares issuable upon exercise of each warrant will be made as a result of the issuance of SPAH shares and warrants to the shareholders of Frontier upon consummation of the merger agreement; and
- provide that each warrant will entitle the holder thereof to purchase, in its sole discretion, either one share of voting common stock or one share of non-voting common stock.

At the special meeting, we may transact such other business as may properly come before the special meeting or any adjournments or postponements thereof.

The merger and the transactions contemplated by the merger, as well as the amendment to the Warrant Agreement, are described in the accompanying joint proxy statement/prospectus, which you are encouraged to read in its entirety before voting. Only holders of record of SPAH warrants at the close of business on September 17, 2009 are entitled to notice of the special meeting and to vote and have their votes counted at the special meeting and any adjournments or postponements thereof. The approval of the warrant amendment proposal is a condition to the consummation of the merger discussed above.

After careful consideration, SPAH s Board of Directors has determined that the proposals are fair to and in the best interests of SPAH and its warrantholders and unanimously recommends that you vote or give instruction to vote FOR the approval of the amendment proposal.

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All SPAH warrantholders are cordially invited to attend the special meeting in person. To ensure your representation at the special meeting, however, you are urged to complete, sign, date and return the enclosed proxy card as soon as possible. If you are a warrantholder of record of SPAH, you may also cast your vote in person at the special meeting. If your warrants are held in an account at a brokerage firm or bank, you must instruct your broker or bank on how to vote your warrants or, if you wish to attend the meeting and vote in person, obtain a proxy from your broker or bank. If you do not vote or do not instruct your broker or bank how to vote, it will have the same effect as voting against the amendment proposal.

Your vote is important regardless of the number of warrants you own. Whether you plan to attend the special meeting or not, please sign, date and return the enclosed proxy card as soon as possible in the envelope provided. If your warrants are held in street name or are in a margin or similar account, you should contact your broker to ensure that votes related to the warrants you beneficially own are properly counted.

Thank you for your participation. We look forward to your continued support.

By Order of the Board of Directors,

/s/ Warren G. Lichtenstein

Warren G. Lichtenstein
Chairman, President and Chief Executive
Officer

September 23, 2009

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SP ACQUISITION HOLDINGS, INC.
590 Madison Avenue
32nd Floor
New York, New York 10022

PROXY STATEMENT FOR SPECIAL MEETING OF WARRANTHOLDERS
To Be Held on October 8, 2009

To the Warrantholders of SP Acquisition Holdings, Inc.:

You are cordially invited to attend a special meeting of the warrantholders of SP Acquisition Holdings, Inc. (SPAH). The special meeting will be held on October 8, 2009 at 10:00 a.m., local time, at the offices of Olshan Grundman Frome Rosenzweig & Wolosky LLP, at Park Avenue Tower, 65 East 55th Street, New York, New York 10022.

The special meeting is being called to consider and vote upon a proposal to amend certain terms of the Amended and Restated Warrant Agreement, dated as of October 4, 2007, by and between SPAH and Continental Stock Transfer & Trust Company (the Warrant Agreement), which governs the terms of SPAH s outstanding warrants to purchase common stock, in connection with the consummation of the transactions contemplated by the Agreement and Plan of Merger, dated as of July 30, 2009, by and between SPAH and Frontier Financial Corporation (Frontier), as amended by Amendment No. 1 to Agreement and Plan of Merger, dated as of August 10, 2009, which provides for the merger of Frontier with and into SPAH, with SPAH being the surviving entity, and for each holder of Frontier common stock to receive 0.0530 shares of common stock and 0.0530 warrants.

The proposed amendment to the Warrant Agreement, to become effective upon consummation of the merger, will:

increase the exercise price of the warrants from $7.50 per share to $11.50 per share of SPAH common stock;

amend the warrant exercise period to (i) eliminate the requirement that the initial founder s warrants owned by the SPAH insiders become exercisable only after the consummation of an initial business combination if and when the last sales price of SPAH common stock exceeds $14.25 per share for any 20 trading days within a 30 trading day period beginning 90 days after such business combination and (ii) extend the expiration date of the warrants to the earlier of (x) seven years from the consummation of the merger or (y) the date fixed for redemption of the warrants set forth in the warrant agreement;

provide for the mandatory downward adjustment of the exercise price for each warrant to reflect any cash dividends paid with respect to the outstanding common stock of SPAH;

provide that no adjustment in the number of shares issuable upon exercise of each warrant will be made as a result of the issuance of SPAH shares and warrants to the shareholders of Frontier upon consummation of the merger agreement; and

provide that each warrant will entitle the holder thereof to purchase, in its sole discretion, either one share of voting common stock or one share of non-voting common stock.

At the special meeting, we may transact such other business as may properly come before the special meeting or any adjournments or postponements thereof. Only holders of record of SPAH warrants at the close of business on September 17, 2009 are entitled to notice of the special meeting and to vote and have their votes counted at the special meeting and any adjournments or postponements thereof. Adoption of the amendment to the Warrant Agreement requires the affirmative vote of a majority of the warrantholders outstanding and entitled to vote at the special meeting. The Warrant Agreement also requires that the holders of a majority of SPAH s outstanding warrants issued in, or subsequent to, SPAH s initial public offering, are voted in favor of the warrant amendment. Each of SPAH s directors and founding stockholders, including SP Acq LLC and Steel Partners II, L.P., or their permitted transferees (the SPAH insiders), which own, in the aggregate, 17,822,400 warrants issued prior to consummation of SPAH s initial public offering, or approximately 29.2% of the total warrants outstanding as of September 17, 2009, intend to vote in favor of the warrant amendment proposal.

The approval of the warrant amendment proposal is a condition to the consummation of the merger discussed above. If the merger is consummated, Frontier shareholders will receive approximately 2,512,000 newly issued

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warrants on the same terms and conditions as the publicly traded warrants, after giving effect to the warrant amendment proposal.

After careful consideration, SPAH s Board of Directors has determined that the proposals are fair to and in the best interests of SPAH and its warrantholders and unanimously recommends that you vote or give instruction to vote FOR the approval of the amendment proposal.

Enclosed is the joint proxy statement/prospectus containing detailed information concerning the amendment proposal, the merger and the transactions contemplated by the merger agreement. We urge you to read the joint proxy statement/prospectus and attached annexes carefully.

Thank you for your participation. We look forward to your continued support.

By Order of the Board of Directors,

/s/ Warren G. Lichtenstein
Warren G. Lichtenstein
Chairman, President and Chief Executive
Officer

IF YOU RETURN YOUR PROXY CARD WITHOUT AN INDICATION OF HOW YOU WISH TO VOTE, YOUR WARRANTS WILL BE VOTED IN FAVOR OF THE WARRANT AMENDMENT PROPOSAL. IF THE MERGER IS NOT COMPLETED AND SPAH DOES NOT COMPLETE AN INITIAL BUSINESS COMBINATION PRIOR TO OCTOBER 10, 2009, THE WARRANTS WILL EXPIRE WORTHLESS.

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FRONTIER FINANCIAL CORPORATION
332 S.W. Everett Mall Way
P. O. Box 2215
Everett, Washington 98213

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To Be Held on October 8, 2009

To the Shareholders of Frontier Financial Corporation:

Notice is hereby given that a special meeting of the shareholders of Frontier Financial Corporation (Frontier) will be held on October 8, 2009 at 7:30 p.m., local time, at Lynnwood Convention Center, 3711 196th St. SW, Lynnwood, WA 98036. The special meeting is being called to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of July 30, 2009, by and between Frontier and SP Acquisition Holdings, Inc. (SPAH), as amended by Amendment No. 1 to Agreement and Plan of Merger, dated as of August 10, 2009, pursuant to which Frontier will merge with and into SPAH, as described in more detail in the accompanying joint proxy statement/prospectus. At the special meeting, we may transact such other business as may properly come before the special meeting and any adjournments or postponements thereof.

Frontier has fixed the close of business on September 14, 2009 as the record date for determining those shareholders entitled to notice of, and to vote at, the special meeting and any adjournments or postponements thereof.

Frontier shareholders have the right to dissent from the merger and obtain payment of the fair value of their Frontier shares under Washington law. A copy of the applicable Washington statutory provisions regarding dissenters rights is attached as Annex F to the accompanying joint proxy statement/prospectus. For details of your dissenters rights and applicable procedures, please see the discussion under the heading The Merger and the Merger Agreement Frontier Dissenters Rights of the attached joint proxy statement/prospectus.

Whether or not you plan to attend the special meeting in person, please complete, date, sign and return the enclosed proxy card as promptly as possible. Frontier has enclosed a postage prepaid envelope for that purpose. Any Frontier shareholder may revoke his or her proxy by following the instructions in the joint proxy statement/prospectus at any time before the proxy has been voted at the special meeting. Even if you have given your proxy, you may still vote in person if you attend the special meeting. Please do not send any share certificates to Frontier at this time.

Frontier encourages you to vote on this very important matter. The Board of Directors of Frontier unanimously recommends that Frontier shareholders vote FOR the proposals above.

By Order of the Board of Directors,

/s/ Patrick M. Fahey

Patrick M. Fahey
Chairman and Chief Executive Officer
September 23, 2009

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FRONTIER FINANCIAL CORPORATION
332 S.W. Everett Mall Way
P. O. Box 2215
Everett, Washington 98213

PROXY STATEMENT FOR SPECIAL MEETING OF STOCKHOLDERS
To Be Held on October 8, 2009

To the Shareholders of Frontier Financial Corporation:

You are cordially invited to attend a special meeting of the shareholders of Frontier Financial Corporation (Frontier). The special meeting will be held on October 8, 2009 at 7:30 p.m., local time, at Lynnwood Convention Center, 3711 196th St. SW, Lynnwood, WA 98036.

At the special meeting, you will be asked to consider and vote on (i) a proposal to adopt the Agreement and Plan of Merger, dated as of July 30, 2009, by and between Frontier and SP Acquisition Holdings, Inc. (SPAH), as amended by Amendment No. 1 to Agreement and Plan of Merger, dated as of August 10, 2009; and (ii) any other matters that may properly come before the special meeting and any adjournments or postponements thereof.

Only holders of record of Frontier common stock at the close of business on September 14, 2009 are entitled to notice of the special meeting and to vote and have their votes counted at the special meeting and any adjournments or postponements thereof. Adoption of the merger agreement requires the affirmative vote of at least two-thirds of the outstanding shares of Frontier s outstanding common stock entitled to vote at the special meeting.

If the proposed merger is completed, Frontier shareholders will receive 0.0530 newly issued shares of SPAH common stock and 0.0530 newly issued warrants to purchase SPAH common stock for each share of Frontier common stock they own. Contemporaneously with the Frontier special meeting of stockholders, SPAH has scheduled a special meeting of warrantholders to consider and vote upon a proposal to amend certain terms of the warrant agreement that governs the terms of SPAH s outstanding warrants, as more fully described in the accompanying joint proxy statement/prospectus. If the merger is consummated, Frontier shareholders will receive newly issued warrants on the same terms and conditions as the publicly traded warrants, after giving effect to the warrant amendment proposal. On July 30, 2009, the day before the public announcement of the merger agreement, the closing price of SPAH s common stock on the NYSE AMEX LLC was $9.75 per share.

Each of Frontier s insiders (including all of Frontier s executive officers and directors) has agreed to vote their 3,103,451 shares of Frontier common stock (which constitute 6.56% of Frontier s outstanding shares of common stock), FOR the merger proposal.

The Frontier Board has unanimously determined that the proposals and the transactions contemplated thereby are fair to and in the best interests of Frontier and its shareholders. The Board recommends that you vote, or give instruction to vote, FOR the adoption of the merger proposal.

Frontier shareholders have the right to dissent from the merger and obtain payment of the fair value of their Frontier shares under Washington law. A copy of the applicable Washington statutory provisions regarding dissenters rights is attached as Annex F to the accompanying joint proxy statement/prospectus. For details of your dissenters rights and applicable procedures, please see the discussion under the heading The Merger and the Merger Agreement Frontier Dissenters Rights of the attached joint proxy statement/prospectus.

Enclosed is a notice of special meeting and the joint proxy statement/prospectus containing detailed information concerning the merger proposal and the transactions contemplated by the merger agreement. We urge you to read the joint proxy statement/prospectus and attached annexes carefully.

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Your vote is important. Because approval of the merger proposal requires the affirmative vote of at least two-thirds of the outstanding shares entitled to vote at the Frontier special meeting, abstaining from voting (including by way of a broker non-vote), either in person or by proxy, will have the same effect as a vote against approval of the merger agreement. Whether or not you plan to attend the special meeting in person, please sign, date and return the enclosed proxy card as soon as possible in the envelope provided. We look forward to seeing you at the special meeting, and we appreciate your continued loyalty and support. I look forward to seeing you at the meeting.

By Order of the Board of Directors,

/s/ Patrick M. Fahey

Patrick M. Fahey
Chairman and Chief Executive Officer

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The information in this joint proxy statement/prospectus is not complete and may be changed. We may not issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO AMENDMENT AND COMPLETION, DATED SEPTEMBER 22, 2009

PROXY STATEMENT FOR THE SPECIAL MEETINGS OF STOCKHOLDERS AND WARRANTHOLDERS OF SP ACQUISITION HOLDINGS, INC.

PROXY STATEMENT FOR THE SPECIAL MEETING OF SHAREHOLDERS OF FRONTIER FINANCIAL CORPORATION

PROSPECTUS FOR UP TO 2,512,000 SHARES OF COMMON STOCK AND UP TO 2,512,000 WARRANTS TO PURCHASE COMMON STOCK OF SP ACQUISITION HOLDINGS, INC.

The Boards of Directors of SP Acquisition Holdings, Inc., a blank check company organized under the laws of the State of Delaware (SPAH), and Frontier Financial Corporation, a Washington corporation (Frontier), have unanimously agreed to a merger of our companies. If the proposed merger is completed, Frontier shareholders will receive 0.0530 shares of SPAH common stock and 0.0530 warrants to purchase common stock of SPAH for each share of Frontier common stock they own. This 0.0530 multiple is referred to as the exchange ratio.

SPAH was formed for the purpose of acquiring, through a merger, capital stock exchange, asset acquisition or similar business combination, one or more businesses or assets. Its common stock and warrants are listed on the NYSE AMEX LLC under the symbols DSP and DSP.W, respectively. Frontier is a bank holding company that directly owns 100% of Frontier Bank, a Washington state chartered commercial bank. Frontier s common stock is quoted on the NASDAQ Stock Market LLC under the symbol FTBK. Frontier s common stock will no longer be traded following the consummation of the merger. The parties intend to seek to have the common stock and warrants of SPAH listed on the NYSE AMEX LLC following consummation of the merger under the symbol FTBK . However, there is no assurance that the common stock and warrants will be listed on any exchange following consummation of the merger.

Based on the closing price of SPAH s common stock and warrants on September 17, 2009 of $9.81 and $0.38, respectively, Frontier shareholders will receive approximately $24,642,720 worth of SPAH s common stock and $954,560 worth of SPAH s warrants for each share of Frontier stock they own. The actual value of the SPAH common stock and warrants received by Frontier shareholders in the merger will depend on the market value of SPAH common stock and warrants at the time of closing.

We expect that the Frontier shareholders will hold approximately 2,512,000 or 5.0% of the outstanding shares of SPAH common stock and approximately 2,512,000 or 3.8% of the outstanding warrants of SPAH on a fully diluted basis immediately following the consummation of the merger, based on the number of shares of SPAH common stock outstanding as of September 17, 2009, after giving effect to the forfeiture of 9,453,412 shares of common stock by certain insiders of SPAH and the co-investment by an affiliate of Steel Partners II, L.P. to purchase 3,000,000 units, each consisting of one share of common stock and one warrant it previously agreed to purchase at $10.00 per unit ($30.0 million in the aggregate) in a private placement that will occur immediately prior to the consummation of the merger. This private placement is referred to as the co-investment.

This joint proxy statement/prospectus provides detailed information about the merger, the special meeting of SPAH stockholders, the special meeting of SPAH warrantholders and the special meeting of Frontier shareholders. At the SPAH and Frontier stockholders meetings, stockholders are being asked to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of July 30, 2009, by and between Frontier and SPAH, as amended by Amendment No. 1 to Agreement and Plan of Merger, dated as of August 10, 2009, pursuant to which Frontier will merge with and into SPAH (the merger proposal). SPAH is also asking its stockholders to approve other matters in connection with the merger, that are described in this joint proxy statement/prospectus, including certain amendments to SPAH s Amended and Restated Certificate of Incorporation (the SPAH Certificate of Incorporation) and the election of directors to the Board of Directors of SPAH. SPAH is asking its stockholders to approve certain amendments to the SPAH Certificate of Incorporation because in its current form, the SPAH Certificate of Incorporation does not allow for SPAH to complete the proposed merger. At the SPAH warrantholders meeting, warrantholders are being asked to amend certain terms of the Amended and Restated Warrant Agreement, which governs the terms of SPAH s outstanding warrants. If the merger is consummated, Frontier shareholders will receive warrants on the same terms and conditions as the publicly traded warrants, after giving effect to the warrant amendment proposal. Each SPAH public stockholder may have securities law claims against SPAH for rescission or damages on the basis that SPAH is seeking to take certain

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action that may be inconsistent with the disclosure provided in its initial public offering prospectus. See The Merger and the Merger Agreement Rescission Rights for additional information.

As described in this joint proxy statement/prospectus, we cannot complete the merger unless SPAH stockholders approve the amendments to the SPAH Certificate of Incorporation, holders of no more than 10% of the shares (minus one share) sold in SPAH s initial public offering vote against the merger and exercise their conversion rights (unless SPAH waives this condition), stockholders of both SPAH and Frontier approve the merger proposal, SPAH warrantholders approve the warrant amendment proposal, SPAH s application to become a bank holding company is approved, and we obtain the necessary government approvals, among other things.

The businesses and operations of Frontier and its subsidiary, Frontier Bank, are currently subject to several regulatory actions. Frontier s management believes it has addressed many of the concerns and is in compliance with most of the regulatory requirements, other than to increase its Tier 1 capital. However, Frontier may not be able to satisfy all regulatory requirements prior to the consummation of the merger, which could limit Frontier s growth and adversely affect its earnings, businesses and operations. In addition, failure to comply with these regulatory actions or any future actions could result in further regulatory actions or restrictions, including monetary penalties and the potential closure of Frontier Bank.

Please carefully review and consider this joint proxy statement/prospectus which explains the merger proposal in detail, including the discussion under the heading Risk Factors beginning on page 33. It is important that your shares are represented at your stockholders or warrantholders meeting, whether or not you plan to attend. Accordingly, please complete, date, sign, and return promptly your proxy card in the enclosed envelope. You may attend the meeting and vote your shares in person if you wish, even if you have previously returned your proxy.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the securities to be issued under this joint proxy statement/prospectus or determined if this joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

SPAH consummated its initial public offering on October 16, 2007. UBS Investment Bank, Ladenburg Thalmann & Co. Inc. and Jefferies & Company, the underwriters of SPAH s initial public offering, may provide assistance to SPAH, Frontier and their respective directors and executive officers, and may be deemed to be participants in the solicitation of proxies. Approximately $17.3 million of the underwriters discounts and commissions relating to SPAH s initial public offering were deferred pending stockholder approval of SPAH s initial business combination and will be released to the underwriters upon consummation of the merger. SPAH is in negotiation with its underwriters regarding the amount and form of payment of such deferred underwriting fees from SPAH s initial public offering. As of the date hereof, SPAH has negotiated the reduction of underwriting fees by approximately $3.65 million and SPAH will continue to negotiate a further reduction of such fees until a mutual settlement can be reached. The results of these negotiations are uncertain since the underwriters can discontinue negotiations with SPAH at any time and require the full amount of their fees payable upon consummation of the merger. If the merger is not consummated and SPAH is required to be liquidated, the underwriters will not receive any of such fees. Stockholders are advised that the underwriters have a financial interest in the successful outcome of the proxy solicitation. In addition, Frontier engaged Sandler O Neill & Partners, L.P. (Sandler O Neill) as a financial advisor to assist Frontier in pursuing all strategic alternatives. As part of such engagement, Sandler O Neill has provided, and Frontier expects that Sandler O Neill will continue to provide, financial advisory services to Frontier in connection with the proposed merger. Therefore, Sandler O Neill may be deemed to be a participant in the solicitation of proxies. Sandler O Neill has received a fee of $500,000 and upon consummation of the merger, will receive $9.5 million payable at the closing of the merger. Stockholders are advised that Sandler O Neill has a financial interest in the successful outcome of the merger.

This joint proxy statement/prospectus is dated September 23, 2009 and is first being mailed to SPAH and Frontier stockholders and SPAH warrantholders on or about September 23, 2009.

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In this joint proxy statement/prospectus, except as otherwise indicated herein, or as the context may otherwise require, (i) all references to SPAH refer to SP Acquisition Holdings, Inc., (ii) all references to Frontier refer to Frontier Financial Corporation together with its subsidiary, Frontier Bank, (iii) all references to the SPAH Board refer to the Board of Directors of SPAH, (iv) all references to the Frontier Board refer to the Board of Directors of Frontier, (v) all references to SP II refer to Steel Partners II, L.P., (vi) all references to the Steel Trust refer to Steel Partners II Liquidating Series Trust Series F, a liquidating trust established for the purpose of effecting the orderly liquidation of certain assets of SP II, (vii) all references to the SPAH insiders refer to SP Acq LLC, SP II, Anthony Bergamo, Ronald LaBow, Howard M. Lorber, Leonard Toboroff and S. Nicholas Walker or each of their permitted transferees, (viii) all references to the SPAH public stockholders refer to purchasers of SPAH s securities by persons other than SPAH s insiders in, or subsequent to, SPAH s initial public offering, (ix) all references to the SPAH Certificate of Incorporation refer to the Amended and Restated Certificate of Incorporation of SPAH, (x) all references to the merger agreement refer to the Agreement and Plan of Merger, dated as of July 30, 2009, by and between SPAH and Frontier, as amended by Amendment No. 1 to Agreement and Plan of Merger, dated as of August 10, 2009, (xi) all references to the merger refer to the merger of SPAH and Frontier pursuant to the terms and conditions of the merger agreement, and (xii) all references to the Frontier insiders refer to all of Frontier s officers, directors and stockholders beneficially owning 5% or more of Frontier s outstanding common stock (other than Barclay s Global Investors, State Street Bank and Trust Company and other institutional investors).

GENERAL QUESTIONS AND ANSWERS

Q: Why am I receiving this joint proxy statement/prospectus?

A: SPAH and Frontier have agreed to combine their businesses under the terms of a merger agreement that is described in this joint proxy statement/prospectus. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A.

In order to complete the merger, SPAH must register the shares of SPAH common stock and SPAH warrants to be issued in the merger, and both SPAH stockholders and Frontier shareholders must adopt the merger agreement, among other things. SPAH will hold a special meeting of its stockholders and Frontier will hold a special meeting of its shareholders to obtain these approvals. SPAH is also asking its stockholders to approve other matters at the SPAH special meeting of stockholders that are described in this joint proxy statement/prospectus, including certain amendments to the SPAH Certificate of Incorporation, and the election of directors to the SPAH Board.

SPAH warrantholders are being asked to consider and vote upon a proposal to amend certain terms of the Amended and Restated Warrant Agreement, dated as of October 4, 2007, by and between SPAH and Continental Stock Transfer & Trust Company (the Warrant Agreement). Upon consummation of the merger, Frontier shareholders will receive warrants on the same terms and conditions as the publicly traded warrants, after giving effect to the warrant amendment proposal.

This joint proxy statement/prospectus contains important information about the merger and the special meetings of each of SPAH and Frontier, and we recommend you read it carefully.

Q: Why is Frontier merging with and into SPAH?

A: SPAH is proposing to acquire Frontier pursuant to the merger agreement. SPAH believes that Frontier, a registered bank holding company, is positioned for significant growth in its current and expected future markets and believes that a business combination with Frontier will provide SPAH stockholders with an opportunity to participate in a company with significant potential. The Frontier Board believes the merger provides Frontier

shareholders with the potential to participate in a newly-capitalized company with the ability to take advantage of growth opportunities.

If the merger proposal and related proposals are approved by the stockholders of SPAH and Frontier and the other conditions to completion of the merger are satisfied, including receipt of all necessary government approvals, Frontier will merge with and into SPAH, and SPAH will survive the merger.

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Frontier is a Washington corporation which was incorporated in 1983 and is registered as a bank holding company under the Bank Holding Company Act of 1956 (the BHC Act). Frontier has one operating subsidiary, Frontier Bank, which is engaged in a general banking business and in businesses related to banking. Frontier is headquartered in Everett, Snohomish County, Washington. Frontier Bank was founded in September 1978, by Robert J. Dickson and local business persons and is an insured bank as defined in the Federal Deposit Insurance Act. Frontier engages in general banking business in Washington and Oregon, including the acceptance of demand, savings and time deposits and the origination of loans. As of June 30, 2009, Frontier serves its customers from fifty-one branches (with the downtown Poulsbo branch scheduled to close in October). Frontier had deposits of approximately $3.2 billion, net loans of $3.3 billion, assets of $4.0 billion and equity of $269.5 million, at June 30, 2009.

SPAH is a blank check company organized to effect an acquisition, through a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or other similar business combination, of one or more businesses or assets. SPAH consummated its initial public offering on October 16, 2007, generating gross proceeds of approximately $439,896,000 from its initial public offering and sale of warrants (the additional founder s warrants) in a private transaction to SP Acq LLC immediately prior to the initial public offering. SP Acq LLC, which is controlled by Warren G. Lichtenstein, SPAH s Chairman, President, and Chief Executive Officer, is a holding company founded to form SPAH and hold an investment in SPAH s units issued prior to SPAH s initial public offering (the founder s units), consisting of shares of common stock (the founder s shares) and warrants (the initial founder s warrants). SP Acq LLC has sold a total of 500,000 founder s units to Anthony Bergamo, Ronald LaBow, Howard M. Lorber, Leonard Toboroff and S. Nicholas Walker, each a director of SPAH, and has sold 668,988 founder s units to SP II, an affiliate of SP Acq LLC.

Net proceeds of approximately $425,909,120 were deposited into a trust account, which SPAH intends to use to complete the merger and make payment of the deferred underwriting commissions and discounts. In the event SPAH is unable to complete the merger or another business combination by October 10, 2009, the funds in the trust account will be distributed to the SPAH public stockholders. As of September 17, 2009, the balance in the trust account was approximately $426.3 million, including approximately $17.3 million of deferred underwriting discounts and commissions. SPAH is in negotiation with its underwriters regarding the amount and form of payment of such deferred underwriting fees from SPAH s initial public offering. As of the date hereof, SPAH has negotiated the reduction of underwriting fees by approximately $3.65 million and SPAH will continue to negotiate a further reduction of such fees until a mutual settlement can be reached. The results of these negotiations are uncertain since the underwriters can discontinue negotiations with SPAH at any time and require the full amount of their fees payable upon consummation of the merger.

In connection with the initial public offering, SP II previously agreed to purchase an aggregate of 3,000,000 units (the co-investment units) at $10.00 per unit ($30.0 million in the aggregate) in a private placement that will occur immediately prior to the consummation of the merger. Pursuant to a plan of reorganization, SP II has contributed certain assets to the Steel Trust, a liquidating trust established for the purpose of effecting the orderly liquidation of such assets. As a result, all of the founder s shares and initial founder s warrants owned by SP II have been transferred to the Steel Trust in a private transaction exempt from registration under the Securities Act of 1933, as amended (the Securities Act). The Steel Trust has agreed to assume all of SP II s rights and obligations with respect to the founder s shares and initial founder s warrants, as more fully described elsewhere in this joint proxy statement/prospectus, including the obligation to purchase the co-investment units. The proceeds from the sale of the co-investment units will provide us with additional equity capital to fund the merger.

Q: How do the Board of Directors of each of SPAH and Frontier recommend that I vote on the merger?

A: You are being asked to vote **FOR** the approval of the merger of Frontier with and into SPAH pursuant to the terms of the merger agreement. The Board of Directors of each of SPAH and Frontier has unanimously determined that the proposed merger is in the best interests of its stockholders, unanimously approved the merger agreement and unanimously recommend that its stockholders vote **FOR** the approval of the merger.

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Q: When do you expect to complete the merger?

A: We presently expect to complete the merger in the fourth quarter of 2009. However, we cannot assure you when or if the merger will occur. We must first obtain the approval of SPAH and Frontier stockholders at the special meetings, and receive the necessary regulatory approvals, among other things. Pursuant to the SPAH Certificate of Incorporation, if SPAH does not consummate an initial business combination by October 10, 2009, SPAH will be required to liquidate and dissolve and the SPAH public stockholders would be entitled to participate in liquidation distributions from SPAH s trust account with respect to their shares.

Q: What should I do now?

A: After you have carefully read this joint proxy statement/prospectus, please indicate on your proxy card how you want to vote, and then date, sign and mail your proxy card in the enclosed envelope as soon as possible so that your shares will be represented at the meeting. If you date, sign and send in a proxy card but do not indicate how you want to vote, your proxy will be voted in favor of the merger proposal.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: It depends. A broker holding your shares in street name must vote those shares according to any specific instructions it receives from you. You should instruct your broker how to vote your shares following the directions your broker provides. If specific instructions are not received, in certain limited circumstances your broker may vote your shares in its discretion. On certain routine matters, brokers have authority to vote their customers shares if their customers do not provide voting instructions. When brokers vote their customers shares on a routine matter without receiving voting instructions, these shares are counted both for establishing a quorum to conduct business at the meeting and in determining the number of shares voted FOR or AGAINST the routine matter. On non-routine matters, brokers cannot vote the shares on that proposal if they have not received voting instructions from the beneficial owner of such shares. If you hold your shares in street name, you can either obtain physical delivery of the shares into your name, and then vote your shares yourself, or request a legal proxy directly from your broker and bring it to the special meeting, and then vote your shares yourself. In order to obtain shares directly into your name, you must contact your brokerage house representative. Brokerage firms may assess a fee for your conversion; the amount of such fee varies from firm to firm.

SPAH. If you do not provide your broker with voting instructions, your broker may vote your shares at its discretion with regard to the election of directors to the SPAH Board, since these matters are routine. However, your broker may not vote your shares, unless you provide voting instructions, with regard to adoption of the merger agreement, or the adoption of the amendments to the SPAH Certificate of Incorporation, since these matters are not routine. Failure to instruct your broker how to vote your shares will have the same effect as a vote against the adoption of the merger agreement and the adoption of the amendments to the SPAH Certificate of Incorporation, but will have no effect on the election of directors to the SPAH Board.

Frontier. Your broker may not vote your shares, unless you provide voting instructions, with regard to approval of the merger proposal, since this matter is not routine. Failure to instruct your broker how to vote your shares will have the same effect as a vote against the merger proposal.

Q: Can I change my vote after I have submitted my proxy?

A: Yes. There are a number of ways you can change your vote. First, you may send a written notice to the person to whom you submitted your proxy stating that you would like to revoke your proxy. Second, you may complete

and submit a later-dated proxy with new voting instructions. The latest vote actually received by SPAH or Frontier prior to the special meetings will be your vote. Any earlier votes will be revoked. Third, you may attend the special meeting and vote in person. Any earlier votes will be revoked. Simply attending the special meeting without voting, however, will not revoke your proxy. If you have instructed a broker to vote your shares, you must follow the directions you will receive from your broker to change or revoke your proxy.

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Q: What should I do if I receive more than one set of voting materials?

A: You may receive more than one set of voting materials, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your shares or warrants in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares or warrants. If you are a holder of record and your shares or warrants are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive in order to cast your vote with respect to all of your shares and/or warrants.

Q: Whom should I contact with questions about the merger?

A: If you want additional copies of this joint proxy statement/prospectus, or if you want to ask questions about the merger or the transactions contemplated by the merger agreement, you should contact:

SP Acquisition Holdings, Inc.
590 Madison Avenue
32nd Floor
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QUESTIONS AND ANSWERS FOR SPAH STOCKHOLDERS

Q: When and where is the SPAH special meeting of stockholders?

A: The special meeting of SPAH stockholders will be held on October 8, 2009 at 11:00 a.m., local time, at the offices of Olshan Grundman Frome Rosenzweig & Wolosky LLP, at Park Avenue Tower, 65 East 55th Street, New York, New York 10022.

Q: How can I attend the SPAH special meeting?

A: SPAH stockholders as of the close of business on September 17, 2009, and those who hold a valid proxy for the special meeting are entitled to attend the SPAH special meeting. SPAH stockholders should be prepared to present photo identification for admittance. In addition, names of record holders will be verified against the list of record holders on the record date prior to being admitted to the meeting. SPAH stockholders who are not record holders but who hold shares through a broker or nominee (i.e., in street name), should provide proof of beneficial ownership on the record date, such as a most recent account statement prior to September 17, 2009, or other similar evidence of ownership. If SPAH stockholders do not provide photo identification or comply with the other procedures outlined above upon request, they will not be admitted to the SPAH special meeting.

The SPAH special meeting will begin promptly at 11:00 a.m., local time. Check-in will begin at 10:00 a.m., local time, and you should allow ample time for the check-in procedures.

Q: What is being proposed, other than the merger, to be voted on at the SPAH special meeting?

A: SPAH s stockholders are being asked to:

adopt an amendment to the SPAH Certificate of Incorporation to eliminate the requirement that the fair market value of the target business equal at least 80% of the balance of SPAH s trust account, (excluding underwriting discounts and commissions) plus the proceeds of the co-investment, to be effective immediately prior to the consummation of the merger to be effective immediately prior to the consummation of the merger described below (Proposal No. 1);

adopt an amendment to the SPAH Certificate of Incorporation to provide that SPAH cannot consummate the merger unless up to at least 10% (minus one share) but no more than 30% (minus one share) of SPAH public stockholders are able to exercise their conversion rights, to be effective immediately prior to the consummation of the merger described below (Proposal No. 2 and, together with Proposal No. 1, the Initial Charter Amendments);

adopt an amendment to the SPAH Certificate of Incorporation to change SPAH s corporate name to Frontier Financial Corporation, to be effective upon consummation of the merger (the Name Change Proposal);

adopt an amendment to the SPAH Certificate of Incorporation to permit SPAH s continued existence after October 10, 2009, to be effective upon consummation of the merger (the Continued Existence Proposal);

adopt an amendment to the SPAH Certificate of Incorporation to create a new class of common stock of SPAH (the Non-Voting Common Stock), which will have economic rights but no voting rights, to be effective upon consummation of the merger (the New Class Proposal and, together with the Name Change Proposal and the

Continued Existence Proposal, the Subsequent Charter Amendments); and

elect to the SPAH Board, Warren G. Lichtenstein, who will serve as Chairman of the Board, and, if the merger is consummated, four directors from Frontier, comprised of Patrick M. Fahey, Lucy DeYoung, Mark O. Zenger and David M. Cuthill, each of whom currently serve on the Frontier Board, in each case to serve until the next annual meeting of SPAH and until their successors shall have been elected and qualified.

At the special meeting, SPAH may also transact such other business as may properly come before the special meeting or any adjournments or postponements thereof.

The SPAH Certificate of Incorporation purports to prohibit amendments to certain of its provisions, including the proposed Initial Charter Amendments, without the unanimous consent of the holders of all of SPAH s outstanding shares of common stock. However, SPAH believes, and has received an opinion from its special

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Delaware counsel that while the matter has not been settled as a matter of Delaware law and, accordingly, is not entirely free from doubt, the Initial Charter Amendments, if duly approved by a majority of the shares of SPAH s outstanding common stock entitled to vote at the special meeting, will be valid under Delaware law.

Since SPAH s initial public offering prospectus did not disclose that SPAH would seek approval of the Initial Charter Amendments and the New Class Proposal, among other things, each SPAH stockholder at the time of the merger that purchased shares in, or subsequent to, SPAH s initial public offering up to and until the record date, may have securities law claims against SPAH for rescission or damages. See The Merger and the Merger Agreement Rescission Rights for additional information.

Q: Are the proposals conditioned on one another?

A: Yes. Unless SPAH and Frontier agree otherwise, the merger proposal will only be presented for a vote at the special meeting if (i) the Initial Charter Amendments are approved by SPAH stockholders and (ii) the proposal to amend SPAH s Warrant Agreement is approved at the special meeting of SPAH warrantholders to be held immediately prior to the special meeting of SPAH stockholders. The Subsequent Charter Amendments and the election of the Frontier nominees will only be effected in the event and at the time the merger with Frontier is consummated, although approval of the Subsequent Charter Amendments is a condition to closing the merger. The election of Mr. Lichtenstein does not require the approval of any other proposals to be effective.

Q: Why is SPAH proposing the Initial Charter Amendments?

A: SPAH is proposing Proposal No. 1 to amend the definition of an initial business combination to eliminate the requirement that the fair market value of the target business equal at least 80% of the balance of SPAH s trust account (excluding underwriting discounts and commissions) plus the proceeds of the co-investment. Because the fair market value of Frontier on the date of the merger will be less than 80% of the balance of the trust account (excluding underwriting discounts and commissions) plus the proceeds of the co- investment, the proposed merger does not meet the fair market value requirement. Accordingly, SPAH must amend the SPAH Certificate of Incorporation immediately prior to presenting the merger proposal for a vote at the special meeting of stockholders to provide SPAH stockholders the opportunity to vote on the merger.

SPAH is proposing Proposal No. 2 to amend the SPAH Certificate of Incorporation to provide that SPAH cannot consummate the merger unless up to at least 10% (minus one share) but no more than 30% (minus one share) of SPAH public stockholders are able to exercise their conversion rights. The SPAH Certificate of Incorporation in its current form prohibits SPAH from consummating an initial business combination in which SPAH public stockholders owning less than 30% (minus one share) are unable to elect conversion. However, SPAH has made it a condition to closing the merger agreement that holders of no more than 10% of the shares (minus one share) sold in SPAH s initial public offering vote against the merger and exercise their conversion rights in order to ensure that the combined company immediately following the consummation of the merger has sufficient Tier 1 capital to return to compliance levels. Accordingly, SPAH must amend the SPAH Certificate of Incorporation immediately prior to presenting the merger proposal for a vote at the special meeting of stockholders to provide for this closing condition.

SPAH believes that the proposed merger is an extremely attractive opportunity in the current market environment and therefore, SPAH public stockholders should be given the opportunity to consider the business combination. In considering the Initial Charter Amendments, the SPAH Board came to the conclusion that the potential benefits of the proposed merger with Frontier to SPAH and its stockholders outweighed the possibility of any liability described below as a result of this amendment being approved. SPAH is offering holders of up to 10% (minus one share) sold in SPAH s initial public offering, the ability to affirmatively vote such shares against the

merger proposal and demand that such shares be converted into a pro rata portion of the trust account. Accordingly, SPAH believes that the Initial Charter Amendments are consistent with the spirit in which SPAH offered its securities to the public. If the requisite approval is received, the Initial Charter Amendments will be filed with the Delaware Secretary of State immediately upon their approval and prior to the stockholders consideration of the merger proposal at the special meeting of stockholders.

The SPAH Certificate of Incorporation purports to prohibit amendments to certain of its provisions, including the proposed Initial Charter Amendments, without the unanimous consent of the holders of all of SPAH s

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outstanding shares of common stock. However, SPAH believes, and has received an opinion from its special Delaware counsel that while the matter has not been settled as a matter of Delaware law and, accordingly, is not entirely free from doubt, the Initial Charter Amendments, if duly approved by a majority of the shares of SPAH s outstanding common stock entitled to vote at the special meeting, will be valid under Delaware law.

Because the SPAH Certificate of Incorporation in its current form does not allow for SPAH to complete the proposed merger and SPAH is seeking to take certain action that may be inconsistent with the disclosure provided in its initial public offering prospectus, each SPAH public stockholder at the time of the merger who purchased his or her shares in the initial public offering or afterwards up to and until the record date, may have securities law claims against SPAH for rescission (under which a successful claimant has the right to receive the total amount paid for his or her securities pursuant to an allegedly deficient prospectus, plus interest and less any income earned on the securities, in exchange for surrender of the securities) or damages (compensation for loss on an investment caused by alleged material misrepresentations or omissions in the sale of a security). See The Merger and the Merger Agreement Rescission Rights for additional information.

Q: Why is SPAH proposing the Subsequent Charter Amendments?

A: If the merger agreement is approved and adopted by SPAH stockholders, SPAH is proposing to amend the SPAH Certificate of Incorporation to (i) change SPAH s corporate name from SP Acquisition Holdings, Inc. to Frontier Financial Corporation , (ii) permit SPAH s continued corporate existence after October 10, 2009 and (iii) create a new class of common stock of SPAH which will have economic rights but no voting rights. SPAH is proposing the Name Change Proposal because, in the event of a merger with Frontier, SPAH s current name will not accurately reflect its business operations. SPAH is proposing the Continued Existence Proposal because under the SPAH Certificate of Incorporation, SPAH must submit a proposal to amend the SPAH Certificate of Incorporation to permit SPAH s continued corporate existence at the same time SPAH submits a proposal to stockholders to approve an initial business combination. SPAH also believes continued existence is the usual period of existence for most corporations.

SPAH is proposing the New Class Proposal to create a new class of common stock, the Non-Voting Common Stock, that may be issued to stockholders and/or warrantholders, following the consummation of the merger, so that a stockholder or warrantholder, in its election, may, for example, remain below the ownership threshold which would subject them to regulation as a bank holding company as described below. The terms of the Non-Voting Common Stock are identical to the terms of SPAH s voting common stock except that the Non-Voting Common Stock has no voting rights and holders of such Non-Voting Common Stock may transfer shares of such Non-Voting Common Stock to a transferee who is unaffiliated with such holder, and such transferee may convert their shares into an equal number of shares of voting common stock, under certain circumstances. In connection with the creation of the new class of Non-Voting Common Stock, the SPAH Certificate of Incorporation would also be amended so that unless a stockholder of SPAH s voting common stock registers with the Federal Reserve as a bank holding company, (i) each stockholder that owns, controls, or has the power to vote, for purposes of the BHC Act, or the Change in Bank Control Act of 1978, as amended (the CIBC Act), and any rules and regulations promulgated thereunder, 10% or more of the voting common stock of SPAH outstanding at such time, shall have all shares of such stockholder s voting common stock in excess of 10% (minus one share) automatically converted into an equal number of shares of Non-Voting Common Stock, and (ii) with respect to SP Acq LLC and certain of its officers and directors, SP II and the Steel Trust, if at any time such parties own, control, or have the power to vote, for purposes of the BHC Act, or the CIBC Act, and any rules and regulations promulgated thereunder, 5% or more of SPAH s voting common stock outstanding at such time, SPAH shall automatically convert all such shares of voting common stock in excess of 5% (minus one share) into an equal number of shares of Non-Voting Common Stock.

Under the BHC Act, a company that directly or indirectly owns, controls or has the power to vote 25% or more of a class of voting stock of a bank or a bank holding company is a bank holding company for purposes of the BHC Act and is subject to regulation as a bank holding company as described in the section entitled Regulation and Supervision Federal Bank Holding Company Regulation. In addition, a company that directly or indirectly owns, controls or has the power to vote 10% or more, but less than 25%, of a class of voting stock of a bank or a bank holding company may be presumed to control the bank and/or bank holding company. If the

presumption of control is not rebutted, the company is subject to the regulation as a bank holding company as described in the section entitled Regulation and Supervision Federal Bank Holding Company Regulation. The presumption of control may be rebutted by entering into a passivity agreement with the Federal Reserve, which contains specific terms to limit the ability to control the management and policies of the bank and/or bank holding company. A company that owns, controls or has the power to vote 10% or more, but less than 25%, of a class of voting stock of a bank or a bank holding company and that enters into a passivity agreement generally is not subject to regulation as a bank holding company. A company that directly or indirectly owns, controls or has the power to vote less than 10% of any class of voting stock of a bank or a bank holding company generally is not subject to regulation as a bank holding company.

Given these considerations, in order to permit investor flexibility, SPAH is also requesting warrantholder approval at a special meeting of warrantholders to amend the terms of the Warrant Agreement, and intends to amend certain agreements entered into with the SPAH insiders, which govern the terms and conditions of the initial founder s warrants and additional founder s warrants (the Founder s Agreements), to provide warrantholders with the option to receive either voting shares of SPAH common stock or shares of Non-Voting Common Stock in certain situations.

This Subsequent Charter Amendment is being proposed for the benefit of SP Acq LLC and its affiliates, including the Steel Trust, who otherwise would acquire more than 10% of the voting securities of SPAH upon the exercise of their initial founder s warrants, additional founder s warrants and co-investment warrants following the consummation of the merger as well as other significant warrantholders. However, all stockholders and/or warrantholders will be permitted to receive Non-Voting Common Stock at their election. If the warrant amendment proposal is approved by SPAH warrantholders at the special meeting of SPAH warrantholders, and unless a warrantholder registers with the Federal Reserve as a bank holding company, each warrantholder shall only be entitled to exercise its warrants for voting common stock of SPAH, (i) to the extent (but only to the extent) that such conversion or receipt would not cause or result in such holder, together with its affiliates, being deemed to own, control or have the power to vote, for purposes of the BHC Act, or the CIBC Act, and any rules and regulations promulgated thereunder, more than 10% (minus one share) of any class of voting common stock of SPAH outstanding at such time, provided, however, that with respect to SP Acq LLC and certain of its officers and directors, SP II and the Steel Trust only, such parties will only be entitled to exercise their warrants for SPAH voting common stock, to the extent (but only to the extent) that such conversion or receipt would not cause or result in such persons and their affiliates, collectively, being deemed to own, control or have the power to vote, for purposes of the BHC Act, or the CIBC Act, and any rules and regulations promulgated thereunder, more than 5% (minus one share) of any class of SPAH voting common stock outstanding at such time, and (ii) to the extent any such exercise exceeds the limits in clause (i) above, for Non-Voting Common Stock, to the extent (but only to the extent) that such conversion or receipt would not cause or result in such holder and its affiliates, collectively, being deemed to own, control or have the power to vote, for purposes of the BHC Act or the CIBC Act, and any rules and regulations promulgated thereunder, more than one-third (minus one share) of the total equity of SPAH. SP Acq LLC and the Steel Trust have also separately agreed, pursuant to letter agreements with SPAH, to receive Non-Voting Common Stock upon exercise of their initial founder s warrants, additional founder s warrants and co-investment warrants following the consummation of the merger, as necessary in order to maintain an ownership level of voting common stock below 5% of the total outstanding shares of voting common stock. At their discretion, SP Acq LLC and/or the Steel Trust will convert such shares into voting common stock in accordance with the SPAH Certificate of Incorporation, as amended by the Subsequent Charter Amendments and upon a distribution of the shares by Steel Trust to its beneficiaries, such shares will also be converted into voting common stock in accordance with the SPAH Certificate of Incorporation, as amended by the Subsequent Charter Amendments, subject to the conversion conditions set forth therein.

Q:

What vote is needed to adopt the merger agreement and to approve the other matters at the special meeting?

A: Adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of SPAH common stock entitled to vote at the special meeting. The SPAH Certificate of Incorporation also requires that the holders of a majority of SPAH s outstanding shares of common stock issued in SPAH s

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initial public offering are voted, in person or by proxy, in favor of the merger and that such SPAH public stockholders owning no more than 30% (minus one share) of the shares sold in SPAH s initial public offering vote against the merger and thereafter exercise their conversion rights as described below. If Proposal No. 2 is approved and adopted, it is a condition to closing the merger agreement that holders of no more than 10% of the shares (minus one share) sold in SPAH s initial public offering vote against the merger and exercise their conversion rights, although at SPAH s discretion, this closing condition may be waived in order to consummate the merger. Accordingly, SPAH may not consummate the merger if 10% or more of the holders of shares sold in or subsequent to SPAH s initial public offering elect to exercise their conversion rights. If SPAH elects to waive this closing condition, it may raise the conversion threshold to anywhere between 10% to 30% (minus one share). SPAH does not believe it will raise the conversion threshold and currently intends only to raise the conversion threshold if it believes that the combined entity will have sufficient Tier 1 capital to return to compliance levels.

The SPAH Certificate of Incorporation purports to prohibit amendments to certain of its provisions, including the proposed Initial Charter Amendments, without the unanimous consent of the holders of all of SPAH s outstanding shares of common stock. However, SPAH believes, and has received an opinion from its special Delaware counsel that while the matter has not been settled as a matter of Delaware law and, accordingly, is not entirely free from doubt, the Initial Charter Amendments, if duly approved by a majority of the shares of SPAH s outstanding common stock entitled to vote at the special meeting, will be valid under Delaware law.

Adoption of the Subsequent Charter Amendments requires the affirmative vote of a majority of the shares of SPAH s outstanding common stock entitled to vote at the special meeting. Directors will be elected by a plurality of the votes cast by stockholders present in person or represented by proxy and entitled to vote at the special meeting.

Q: How do the SPAH insiders intend to vote their shares?

A: The SPAH insiders have agreed to vote all of their 10,822,400 founder s shares, which constitutes approximately 20% of SPAH s outstanding shares of common stock, either for or against the merger proposal consistent with the majority of the votes cast on the merger by the SPAH public stockholders. To the extent any SPAH insider or officer of director of SPAH has acquired shares of SPAH common stock in, or subsequent to, SPAH s initial public offering, it, he or she has agreed to vote these acquired shares in favor of the merger proposal. As of the date hereof, none of the SPAH insiders or officers of directors of SPAH own any shares sold in, or subsequent to, the SPAH initial public offering. The SPAH insiders have further indicated that they will vote all of their shares in favor of the adoption of the amendments to the SPAH Certificate of Incorporation and for the election of each of the director nominees to the SPAH Board. While the founder s shares voted by the SPAH insiders will count towards the voting and quorum requirements under Delaware law, they will not count towards the voting requirement under the SPAH Certificate of Incorporation because the founder s shares were not issued in SPAH s initial public offering. As described below, pursuant to a plan of reorganization, SP II has contributed certain assets, including its shares of SPAH common stock and warrants, to the Steel Trust. The trust has agreed to assume all of SP II s rights and obligations with respect to these shares and warrants, including to vote in accordance with the foregoing.

Upon consummation of the merger, SP Acq LLC has agreed to forfeit 8,987,883 of its founder s shares and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker have agreed to forfeit an aggregate of 465,530 of their founder s shares.

Q: What will SPAH stockholders receive in the proposed merger?

A:

SPAH stockholders will receive nothing in the merger. SPAH stockholders will continue to hold the same number of shares of SPAH s common stock that they owned prior to the merger, except that upon consummation of the merger, SP Acq LLC has agreed to forfeit 8,987,883 of its founder s shares and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker have agreed to forfeit an aggregate of 465,530 of their founder s shares.

SPAH stockholders do not have appraisal rights in connection with the merger under applicable Delaware law, but do have conversion rights as described below.

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Q: What is the co-investment?

A: In connection with the initial public offering, SP II previously agreed to purchase an aggregate of 3,000,000 co-investment units at $10.00 per unit ($30.0 million in the aggregate) in a private placement that will occur immediately prior to the consummation of the merger. Pursuant to a plan of reorganization, SP II has contributed certain assets to the Steel Trust, a liquidating trust established for the purpose of effecting the orderly liquidation of such assets. As a result, all of the founder s shares and initial founder s warrants owned by SP II have been transferred to the Steel Trust in a private transaction exempt from registration under the Securities Act. The Steel Trust has agreed to assume all of SP II s rights and obligations with respect to the founder s shares and initial founder s warrants, as more fully described elsewhere in this joint proxy statement/prospectus, including the obligation to purchase the co-investment units. Since SPAH s initial public offering prospectus disclosed that only SP II or SP Acq LLC may purchase the co-investment units, SPAH public stockholders may have a securities law claim against SPAH for rescission (under which a successful claimant has the right to receive the total amount paid for his or her securities pursuant to an allegedly deficient prospectus, plus interest and less any income earned on the securities, in exchange for surrender of the securities) or damages (compensation for loss on an investment caused by alleged material misrepresentations or omissions in the sale of a security), as described more fully under The Merger and the Merger Agreement Rescission Rights.

The units purchased in the co-investment will be identical to the units sold in SPAH s initial public offering, except that they will be subject to certain transfer restrictions. The proceeds from the sale of the co-investment units will not be received by SPAH until immediately prior to the consummation of the merger. The proceeds from the sale of the co-investment units will provide SPAH with additional equity capital to fund the merger. If the merger is not consummated, the Steel Trust will not purchase the co-investment units and no proceeds will deposited into SPAH s trust account or available for distribution to SPAH s stockholders in the event of a liquidating distribution.

Q: How much of SPAH s common stock will existing SPAH stockholders own upon completion of the merger and co-investment?

A: It depends. The percentage of SPAH s common stock (whether voting or non-voting) that existing SPAH stockholders will own after the merger and co-investment will vary depending on whether:

any Frontier shareholder exercises dissenters rights;

any of SPAH s 66,624,000 outstanding warrants (after reflecting the co-investment and merger) are exercised; and

any SPAH public stockholder exercises their right to convert their shares into cash equal to a pro rata portion of the SPAH trust account.

Depending on the scenario, existing SPAH stockholders will own from 94.5% to 96.1% of SPAH s common stock after the merger and co-investment.

In addition to the foregoing, the percentage of SPAH s voting common stock that existing SPAH stockholders will own after the merger and co-investment will depend on whether:

any SPAH stockholder converts its voting common stock into Non-Voting Common Stock; and

any SPAH warrantholder elects to receive shares of Non-Voting Common Stock in lieu of voting common stock upon exercise of their warrants.

SP Acq LLC and the Steel Trust have agreed to receive Non-Voting Common Stock as necessary in order to maintain an ownership level of voting common stock below 5% of the total outstanding shares of voting. As a result, SPAH stockholders will hold from 94.3% to 95.3% of the voting interests of SPAH depending on whether any Frontier shareholder exercises dissenters rights, any of SPAH s warrants are exercised and whether any SPAH public stockholders exercise their conversion rights. At their discretion, SP Acq LLC and/or the Steel Trust will convert such shares into voting common stock in accordance with the SPAH Certificate of Incorporation, as amended by the Subsequent Charter Amendments and, upon a distribution of the shares

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by Steel Trust to its beneficiaries, such shares will also be converted into voting common stock in accordance with the SPAH Certificate of Incorporation, as amended by the Subsequent Charter Amendments.

For a table outlining the effect of the various scenarios on the percentage of SPAH s common stock and voting interests that existing SPAH stockholders will own after the merger with Frontier is completed, see The Merger and the Merger Agreement Stock Ownership of Existing SPAH and Frontier Stockholders After the Merger.

Q: Do the SPAH stockholders have conversion rights?

A: Generally, yes. If you hold shares of common stock issued in SPAH s initial public offering (whether such shares were acquired pursuant to such initial public offering or afterwards up to and until the record date), then you have the right to vote against the merger proposal and demand that SPAH convert such shares into cash equal to a pro rata share of the aggregate amount then on deposit in the trust account in which a substantial portion of the net proceeds of SPAH s initial public offering are held (before payment of deferred underwriting discounts and commissions and including interest earned on their pro rata portion of the trust account, net of income taxes payable on such interest and net of interest income of $3.5 million on the trust account balance previously released to SPAH to fund its working capital requirements). We sometimes refer to these rights to vote against the merger proposal and demand conversion of the shares into a pro rata portion of the SPAH trust account as conversion rights.

The SPAH Certificate of Incorporation in its current form requires that no more than 30% (minus one share) of the SPAH public stockholders vote against the merger and thereafter exercise their conversion rights. If Proposal No. 2 is approved and adopted, it is a condition to closing the merger agreement that no more than 10% (minus one share) of the shares held by SPAH public stockholders vote against the merger and exercise their conversion rights, although at SPAH s discretion, this closing condition may be waived in order to consummate the merger. Accordingly, SPAH may not consummate the merger if 10% or more of the holders of shares sold in or subsequent to SPAH s initial public offering elect to exercise their conversion rights. If SPAH elects to waive this closing condition, it may raise the conversion threshold to anywhere between 10% to 30% (minus one share). SPAH does not believe it will raise the conversion threshold and currently intends only to raise the conversion threshold if it believes that the combined entity will have sufficient Tier 1 capital to return to compliance levels. If the merger is not consummated and SPAH does not consummate a business combination by October 10, 2009, SPAH will be required to dissolve and liquidate and SPAH public stockholders voting against the merger proposal who elected to exercise their conversion rights would not be entitled to convert their shares. However, all SPAH public stockholders would be entitled to participate in pro-rata liquidation distributions from SPAH s trust account with respect to their shares.

Q: If I am a SPAH stockholder and have conversion rights, how do I exercise them?

A: If you wish to exercise your conversion rights, you must:

affirmatively vote against the merger proposal in person or by submitting your proxy card before the vote on the merger proposal and checking the box that states Against for the merger proposal; and

either:

check the box that states I HEREBY EXERCISE MY CONVERSION RIGHTS on the proxy card; or

send a letter to SPAH s transfer agent, Continental Stock Transfer & Trust Company, at 17 Battery Place, 8th Floor, New York, NY 10004, attn: Mark Zimkind, stating that you are exercising your conversion rights and

demanding your shares of SPAH common stock be converted into cash; and

either:

physically tender, or if you hold your shares of SPAH common stock in street name, cause your broker to physically tender, your stock certificates representing shares of SPAH common stock to SPAH s transfer agent; or

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deliver your shares electronically using the Depository Trust Company s DWAC (Deposit/Withdrawal At Custodian) System, to SPAH s transfer agent, in either case by October 8, 2009 or such other later date if the special meeting of SPAH stockholders is adjourned or postponed.

Accordingly, a SPAH stockholder would have from the time we send out this joint proxy statement/prospectus through the vote on the merger to deliver his or her shares if he or she wishes to seek to exercise his or her conversion rights.

Taking any action that does not include an affirmative vote against the merger, including abstaining from voting on the merger proposal, will prevent you from exercising your conversion rights. However, voting against the merger proposal does not obligate you to exercise your conversion rights. If the merger is not consummated, no shares will be converted to cash through the exercise of conversion rights. For more information, see Summary Term Sheet The Merger and the Merger Agreement SPAH Conversion Rights and The Merger and the Merger Agreement Conversion Rights of SPAH Stockholders.

Q: Why has SPAH made it a condition to closing the merger agreement and proposed to amend the SPAH Certificate of Incorporation to provide that holders of no more than 10% of the shares (minus one share) sold in SPAH s initial public offering vote against the merger and exercise their conversion rights when the threshold in the current form of the SPAH Certificate of Incorporation requires no more than 30% (minus one share)?

A: SPAH has made it a condition to closing the merger agreement and has proposed to amend the SPAH Certificate of Incorporation to provide that holders of no more than 10% of the shares (minus one share) sold in SPAH s initial public offering vote against the merger and exercise their conversion rights in order to ensure that the combined company immediately following the consummation of the merger has sufficient Tier 1 capital to return to compliance levels. Pursuant to the terms of the FDIC Order, Frontier Bank is required to increase its Tier 1 capital in such an amount as to equal or exceed 10% of Frontier Bank s total assets by July 29, 2009 and to maintain such capital level thereafter. If 10% or greater of SPAH s public stockholders were to vote their shares against the merger and demand that SPAH convert such shares into cash equal to a pro rata share of the aggregate amount then on deposit in the trust account, the funds remaining may not be sufficient to meet Frontier Bank s capital requirements. Accordingly, SPAH may not consummate the merger if 10% or more of the holders of shares sold in or subsequent to SPAH s initial public offering elect to exercise their conversion rights. However, in SPAH s sole discretion, this closing condition may be waived in order to consummate the merger. If SPAH elects to waive this closing condition, it may raise the conversion threshold to anywhere between 10% to 30% (minus one share). SPAH does not believe it will raise the conversion threshold and currently intends only to raise the conversion threshold if it believes that the combined entity will have sufficient Tier 1 capital to return to compliance levels. SPAH has no agreements or understandings regarding a minimum amount of funds that must remain in the trust account upon closing of the merger. SPAH and Frontier are currently in discussions with the FDIC to determine appropriate capital levels. SPAH currently intends to use cash from the trust fund to increase the capital of Frontier Bank to a well capitalized bank after payment (i) to SPAH public stockholders who properly exercise their conversion rights, (ii) for deferred underwriting fees, to the extent paid in cash, (iii) of transaction fees and expenses associated with the merger, and (iv) of working capital and general corporate expenses of the combined company following the merger.

The SPAH Certificate of Incorporation purports to prohibit amendments to certain of its provisions, including Proposal No. 2, without the unanimous consent of the holders of all of SPAH s outstanding shares of common stock. However, SPAH believes, and has received an opinion from its special Delaware counsel that while the matter has not been settled as a matter of Delaware law and, accordingly, is not entirely free from doubt, the

Initial Charter Amendments, if duly approved by a majority of the shares of SPAH s outstanding common stock entitled to vote at the special meeting, will be valid under Delaware law.

Since SPAH s initial public offering prospectus did not disclose that SPAH would seek approval of Proposal No. 2, each SPAH stockholder at the time of the merger that purchased shares in, or subsequent to, SPAH s initial public offering up to and until the record date, may have securities law claims against SPAH for rescission or damages. See The Merger and the Merger Agreement Rescission Rights for additional information.

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Q: What are the federal income tax consequences of exercising my conversion rights?

A: SPAH stockholders who exercise their conversion rights and convert their shares of SPAH common stock into the right to receive cash from the trust account, will generally be required to treat the transaction as a sale of the shares and to recognize gain or loss upon the conversion. Such gain should be capital gain or loss if such shares were held as a capital asset on the date of the conversion, and will be measured by the difference between the amount of cash received and the tax basis of the shares of SPAH common stock converted. A stockholder s tax basis in its shares of SPAH common stock generally will equal the cost of such shares. A stockholder who purchased SPAH units will have to allocate the cost between the shares of common stock and the warrants comprising the units based on their relative fair market values at the time of the purchase. See Material U.S. Federal Income Tax Consequences Certain Federal Tax Consequences to SPAH Stockholders.

Q: Will I lose my warrants or will they be converted to shares of common stock if the merger is consummated or if I exercise my conversion rights?

A: No. Neither consummation of the merger with Frontier nor exercise of your conversion rights will result in the loss of your warrants. Your warrants will continue to be outstanding following consummation of the merger whether or not you exercise your conversion rights. However, in the event that SPAH does not consummate the merger with Frontier by October 10, 2009, SPAH will be required to liquidate and any SPAH warrants you own will expire without value.

Q: What happens to the funds deposited in the SPAH trust account after completion of the merger?

A: Upon consummation of the merger, the funds deposited in the SPAH trust account will be released (i) to pay SPAH public stockholders who properly exercise their conversion rights, (ii) to the underwriters in SPAH s initial public offering who are entitled to receive approximately $17.3 million of deferred underwriting discounts and commissions currently held in SPAH s trust account, to the extent paid in cash, provided, however, that SPAH is in negotiation with its underwriters regarding the amount and form of payment of such deferred underwriting fees from SPAH s initial public offering and, as of the date hereof, SPAH has negotiated the reduction of underwriting fees by approximately $3.65 million and SPAH will continue to negotiate a further reduction of such fees until a mutual settlement can be reached, (iii) to pay transaction fees and expenses associated with the merger, and (iv) for working capital and general corporate purposes of the combined company following the merger.

Q: What happens if the merger is not consummated or is terminated?

A: If SPAH does not effect the merger with Frontier by October 10, 2009, SPAH must dissolve and liquidate. In any liquidation, the funds held in the trust account, plus any interest earned thereon (less any taxes due on such interest), together with any remaining net assets not held in trust, will be distributed pro rata to the SPAH public stockholders. The SPAH insiders have waived their right to participate in any liquidation distribution with respect to their shares. Additionally, if we do not complete an initial business combination and the trustee must distribute the balance of the trust account, the underwriters have agreed to forfeit any rights or claims to their deferred underwriting discounts and commissions then in the trust account, and those funds will be included in the pro rata liquidation distribution to the SPAH public stockholders.

SPAH expects that all costs and expenses associated with implementing a plan of distribution, as well as payments to any creditors, will be funded from amounts remaining out of the $100,000 of proceeds held outside the trust account and from the $3.5 million in interest income on the balance of the trust account that was released to SPAH to fund working capital requirements. However, if those funds are not sufficient to cover the costs and

expenses associated with implementing a plan of distribution, to the extent that there is any interest accrued in the trust account not required to pay income taxes on interest income earned on the trust account balance, SPAH may request that the trustee release to it an additional amount of up to $75,000 of such accrued interest to pay those costs and expenses.

In addition, if the merger is not consummated, the SPAH Certificate of Incorporation will not be amended pursuant to the proposals to adopt the amendments to the SPAH Certificate of Incorporation, the four

(4) director nominees from Frontier will not be appointed to the SPAH Board and the Steel Trust will not purchase the co-investment units.

Frontier will pay to SPAH, an amount equal to $2,500,000 if the merger agreement is terminated under certain circumstances, including, but not limited to, if (i) SPAH terminates the merger agreement due to a breach by Frontier, (ii) either party terminates due to the failure of Frontier to obtain stockholder approval, (iii) either party terminates due to the failure to consummate the merger by December 31, 2009, in the event SPAH extends its corporate life beyond October 10, 2009, and, in the case of a termination under clause (ii) or (iii) above, (x) there has been publicly announced and not withdrawn another acquisition proposal relating to Frontier or (y) Frontier has failed to perform and comply in all material respects with any of its obligations, agreements or covenants required by the merger agreement, and within 12 months of such termination Frontier either consummates another acquisition transaction or enters into a definitive agreement with respect to an acquisition transaction, (iv) SPAH terminates the merger agreement due to the Frontier Board failing to support the merger proposal or recommending any acquisition transaction other than the merger.

Q: Since SPAH s initial public offering prospectus contained certain differences in what is being proposed at the special meeting, what are my legal rights?

A: You should be aware that because SPAH s initial public offering prospectus did not disclose that (i) SPAH may seek to amend the SPAH Certificate of Incorporation prior to the consummation of a business combination to amend the definition of initial business combination to eliminate the requirement that the fair market value of the target business equal at least 80% of the balance of SPAH s trust account (excluding underwriting discounts and commissions) plus the proceeds of the co-investment, (ii) SPAH may seek to amend the SPAH Certificate of Incorporation prior to the consummation of a business combination to provide that holders of no more than 10% of the shares (minus one share) sold in SPAH s initial public offering vote against the merger and exercise their conversion rights when the threshold in the current form of the SPAH Certificate of Incorporation requires no more than 30% (minus one share), (iii) SPAH may seek to amend the Warrant Agreement upon consummation of the merger to eliminate the requirement that the initial founder s warrants owned by certain SPAH insiders become exercisable only after the consummation of an initial business combination if and when the last sales price of SPAH common stock exceeds $14.25 per share for any 20 trading days within a 30 trading day period beginning 90 days after such business combination, (iv) that SPAH may seek to amend the terms of the Warrant Agreement to increase the exercise price and extend the exercise period, among other things, upon consummation of the merger, and (v) that a party other than SP II or SP Acq LLC may purchase the co-investment units, each SPAH public stockholder at the time of the merger that purchased shares in, or subsequent to, SPAH s initial public offering up to and until the record date, may have securities law claims against SPAH for rescission (under which a successful claimant has the right to receive the total amount paid for his or her securities pursuant to an allegedly deficient prospectus, plus interest and less any income earned on the securities, in exchange for surrender of the securities) or damages (compensation for loss on an investment caused by alleged material misrepresentations or omissions in the sale of a security). Such claims may entitle stockholders asserting them to up to $10.00 per share, based on the initial offering price of the units, each comprised of one share of common stock and a warrant exercisable for an additional share of common stock, less any amount received from the sale of the original warrants purchased with them, plus interest from the date of SPAH s initial public offering (which, in the case of SPAH public stockholders, may be more than the pro rata share of the trust account to which they are entitled if they exercise their conversion rights or if SPAH liquidates). See The Merger and the Merger Agreement Rescission Rights for additional information.

Q: What will happen if I abstain from voting or fail to vote at the special meeting?

A:

SPAH will count a properly executed proxy marked ABSTAIN with respect to a particular proposal as present for purposes of determining whether a quorum is present. For purposes of approval, an abstention or failure to vote on the merger will have the same effect as a vote AGAINST the proposal but will preclude you from having your shares converted into a pro rata portion of the trust account. In order to exercise your conversion rights, you must cast a vote against the merger, make an election on the proxy card to convert such shares of common stock or submit a request in writing to SPAH s transfer agent at the address listed on page 102, and

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deliver your shares to SPAH s transfer agent physically or electronically through DTC prior to the special meeting.

An abstention from voting on the amendments to the SPAH Certificate of Incorporation will have the same effect as a vote AGAINST the proposals. Abstentions will not count either in favor of, or against, election of a director nominee.

Q: What will happen if I sign and return my proxy card without indicating how I wish to vote?

A: Signed and dated proxies received by SPAH without an indication of how the stockholder intends to vote on a proposal will be voted in favor of each proposal presented to the stockholders, as the case may be.

Stockholders will not be entitled to exercise their conversion rights if such stockholders return proxy cards to SPAH without an indication of how they desire to vote with respect to the merger proposal or, for stockholders holding their shares in street name, if such stockholders fail to provide voting instructions to their banks, brokers or other nominees.

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QUESTIONS AND ANSWERS FOR SPAH WARRANTHOLDERS

Q: When and where is the SPAH special meeting of warrantholders?

A: The special meeting of SPAH warrantholders will be held on October 8, 2009 at 10:00 a.m., local time, at the offices of Olshan Grundman Frome Rosenzweig & Wolosky LLP, at Park Avenue Tower, 65 East 55th Street, New York, New York 10022.

Q: How can I attend the special meeting?

A: Warrantholders as of the close of business on September 17, 2009, and those who hold a valid proxy for the special meeting are entitled to attend the special meeting. Warrantholders should be prepared to present photo identification for admittance. In addition, names of record holders will be verified against the list of record holders on the record date prior to being admitted to the meeting. Warrantholders who are not record holders but who hold shares through a broker or nominee (i.e., in street name), should provide proof of beneficial ownership on the record date, such as a most recent account statement prior to October 8, 2009, or other similar evidence of ownership. If warrantholders do not provide photo identification or comply with the other procedures outlined above upon request, they will not be admitted to the special meeting.

The special meeting of warrantholders will begin promptly at 10:00 a.m., local time. Check-in will begin at 9:00 a.m., local time, and you should allow ample time for the check-in procedures.

Q: What am I being asked to vote upon?

A: At the special meeting, warrantholders will consider and vote upon a proposal to amend certain terms of the Warrant Agreement, in connection with the consummation of the transactions contemplated by the merger agreement, which provides for the merger of Frontier with and into SPAH, with SPAH being the surviving entity. Immediately following the consummation of the merger, SPAH will change its name to Frontier Financial Corporation and be headquartered in Everett, Washington.

The proposed amendment to the Warrant Agreement, to become effective upon consummation of the merger, will:

increase the exercise price of the warrants from $7.50 per share to $11.50 per share of SPAH common stock;

amend the warrant exercise period to (i) eliminate the requirement that the initial founder s warrants owned by the SPAH insiders become exercisable only after the consummation of an initial business combination if and when the last sales price of SPAH common stock exceeds $14.25 per share for any 20 trading days within a 30 trading day period beginning 90 days after such business combination and (ii) extend the expiration date of the warrants to the earlier of (x) seven years from the consummation of the merger or (y) the date fixed for redemption of the warrants set forth in the warrant agreement;

provide for the mandatory downward adjustment of the exercise price for each warrant to reflect any cash dividends paid with respect to the outstanding common stock of SPAH;

provide that no adjustment in the number of shares issuable upon exercise of each warrant will be made as a result of the issuance of SPAH shares and warrants to the shareholders of Frontier upon consummation of the

merger agreement; and

provide that each warrant will entitle the holder thereof to purchase, in its sole discretion, either one share of voting common stock or one share of Non-Voting Common Stock.

At the special meeting, we may transact such other business as may properly come before the special meeting or any adjournments or postponements thereof.

Q: Why is SPAH amending the warrants?

A: SPAH believes increasing the exercise price, extending the expiration date, providing for a mandatory downward adjustment of the exercise price under certain circumstances, and providing that no adjustment in the number of shares issuable upon exercise of the warrants will be made upon consummation of the merger, is appropriate given the change in structure of SPAH following completion of the merger. In addition, SPAH is

proposing to amend the warrant exercise period to eliminate the requirement that the initial founder s warrants owned by the SPAH insiders become exercisable only after the consummation of an initial business combination if and when the last sales price of SPAH common stock exceeds $14.25 per share for any 20 trading days within a 30 trading day period beginning 90 days after such business combination, in light of the forfeiture of 9,453,412 founder s shares by SP Acq LLC and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker upon consummation of the merger. As a result, if the warrant amendment is approved, the initial founder s warrants will become exercisable upon consummation of the merger, but the sale of such warrants or the shares underlying the warrants will still be subject to a one-year lock-up from the date we consummate the merger. We are further requesting warrantholder approval at the special meeting to provide warrantholders with the option to receive, in their sole discretion, upon exercise of their warrants, either voting shares of SPAH common stock or shares of Non-Voting Common Stock, such that the holder thereof would not exceed the ownership threshold which would make it subject to the regulation as a bank holding company as described in the section entitled Supervision and Regulation Federal Bank Holding Company Regulation. If the warrant amendment proposal is approved by SPAH warrantholders at the special meeting of SPAH warrantholders, and unless a warrantholder registers with the Federal Reserve as a bank holding company, each warrantholder shall only be entitled to exercise its warrants for voting common stock of SPAH, (i) to the extent (but only to the extent) that such conversion or receipt would not cause or result in such holder, together with its affiliates, being deemed to own, control or have the power to vote, for purposes of the BHC Act, or the CIBC Act, and any rules and regulations promulgated thereunder, more than 10% (minus one share) of any class of voting common stock of SPAH outstanding at such time, provided, however, that with respect to SP Acq LLC and certain of its officers and directors, SP II and the Steel Trust, such parties will only be entitled to exercise their warrants for SPAH voting common stock, to the extent (but only to the extent) that such conversion or receipt would not cause or result in such persons and their affiliates, collectively, being deemed to own, control or have the power to vote, for purposes of the BHC Act, or the CIBC Act, and any rules and regulations promulgated thereunder, more than 5% (minus one share) of any class of SPAH voting common stock outstanding at such time, and (ii) to the extent any such exercise exceeds the limits in clause (i) above, for Non-Voting Common Stock, to the extent (but only to the extent) that such conversion or receipt would not cause or result in such holder and its affiliates, collectively, being deemed to own, control or have the power to vote, for purposes of the BHC Act or the CIBC Act, and any rules and regulations promulgated thereunder, more than one-third (minus one share) of the total equity of SPAH. SP Acq LLC and the Steel Trust have also separately agreed, pursuant to letter agreements with SPAH, to receive Non-Voting Common Stock upon exercise of their initial founder s warrants, additional founder s warrants and co-investment warrants following the consummation of the merger, as necessary in order to maintain an ownership level of voting common stock below 5% of the total outstanding shares of voting common stock. At their discretion, SP Acq LLC and/or the Steel Trust will convert such shares into voting common stock in accordance with the SPAH Certificate of Incorporation, as amended by the Subsequent Charter Amendments and upon a distribution of the shares by Steel Trust to its beneficiaries, such shares will also be converted into voting common stock in accordance with the SPAH Certificate of Incorporation, as amended by the Subsequent Charter Amendments, subject to the conversion conditions set forth therein.

If the merger is not consummated and SPAH does not complete a different business combination by October 10, 2009, the warrants will expire worthless. If the warrant amendment proposal is approved, all other terms of SPAH s warrants will remain the same. The approval of the warrant amendment proposal is a condition to the consummation of the merger.

Q: What vote is required to approve the amendment?

A: On the record date, there were 61,112,000 warrants of SPAH outstanding, including 3,982,016 warrants forming part of units of SPAH. You will have one vote at the meeting for each warrant of SPAH stock you owned on the record date. Adoption of the amendment to the Warrant Agreement requires the affirmative vote of a majority of

the warrantholders outstanding and entitled to vote at the special meeting. The Warrant Agreement also requires that the holders of a majority of SPAH s outstanding warrants issued in, or subsequent to, SPAH s initial public offering (43,789,600 warrants), are voted in favor of the warrant amendment. The approval of the amendment proposal is also a condition to the consummation of the merger discussed above.

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Q: How do the holders of the initial founder s warrants and additional founder s warrants intend to vote their warrants?

A: The SPAH insiders intend to vote their initial founder s warrants and additional founder s warrants in favor of the warrant amendment proposal. While the warrants voted by the SPAH insiders will count towards the voting and quorum requirements under Delaware law, they will not count towards the voting requirement under the Warrant Agreement, which requires that the holders of a majority of SPAH s outstanding warrants issued in, or subsequent to, SPAH s initial public offering, are voted in favor of the warrant amendment, because the initial founder s warrants and additional founder s warrants were not issued in SPAH s initial public offering.

Q: What happens if the merger is not consummated or is terminated?

A: If the merger is not consummated or terminated, the Warrant Agreement will not be amended as contemplated by the warrant amendment proposal and the Steel Trust will not purchase the co-investment units. If SPAH does not effect the merger with Frontier by October 10, 2009, SPAH must dissolve and liquidate. If SPAH must liquidate, there will be no distribution from the trust account with respect to any of the warrants and the warrants will expire worthless.

Q: What are the U.S. federal income tax consequences of the amendment?

A: For U.S. federal income tax purposes, if the terms of the warrants are amended, a warrantholder will be treated as exchanging his or her old warrants for new warrants in connection with the consummation of the transactions contemplated by the merger agreement. We expect the merger to qualify as a reorganization for U.S. federal income tax purposes. If the merger qualifies as a reorganization for U.S. federal income tax purposes, a warrantholder will not recognize any gain or loss on the deemed exchange of his or her old warrants for new warrants as a result of the amendment.

Q: What will happen if I abstain from voting or fail to vote at the special meeting?

A: SPAH will count a properly executed proxy marked ABSTAIN with respect to the warrant amendment proposal present for purposes of determining whether a quorum is present. For purposes of approval, an abstention or failure to vote on the warrant amendment proposal will have the same effect as a vote AGAINST the proposal.

Q: What will happen if I sign and return my proxy card without indicating how I wish to vote?

A: Signed and dated proxies received by SPAH without an indication of how the warrantholder intends to vote on the warrant amendment proposal will be voted in favor of the proposal.

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QUESTIONS AND ANSWERS FOR FRONTIER SHAREHOLDERS

Q: When and where is the Frontier special meeting of shareholders?

A: The special meeting of Frontier shareholders will be held on October 8, 2009 at 7:30 p.m., local time, at Lynnwood Convention Center, 3711 196th St. SW, Lynnwood, WA 98036.

Q: How can I attend the Frontier special meeting?

A: Frontier shareholders as of the close of business on September 14, 2009, and those who hold a valid proxy for the special meeting are entitled to attend the Frontier special meeting. Frontier shareholders should be prepared to present photo identification for admittance. In addition, names of record holders will be verified against the list of record holders on the record date prior to being admitted to the meeting. Frontier shareholders who are not record holders but who hold shares through a broker or nominee (i.e., in street name), should provide proof of beneficial ownership on the record date, such as a most recent account statement prior to October 8, 2009, or other similar evidence of ownership. If Frontier shareholders do not provide photo identification or comply with the other procedures outlined above upon request, they will not be admitted to the Frontier special meeting.

The Frontier special meeting will begin promptly at 7:30 p.m., local time. Check-in will begin at 6:30 p.m., local time, and you should allow ample time for the check-in procedures.

Q: What am I being asked to vote upon?

A: The Frontier special meeting is being called to consider and vote upon a proposal to adopt the merger agreement pursuant to which Frontier will merge with and into SPAH, with SPAH being the surviving entity. Immediately following the consummation of the merger, SPAH will change its name to Frontier Financial Corporation and be headquartered in Everett, Washington. At the special meeting, we may transact such other business as may properly come before the special meeting or any adjournments or postponements thereof.

Q: What vote is required to approve the merger?

A: Approval of the merger agreement requires the affirmative vote of at least two-thirds of the outstanding shares of Frontier s common stock. As of the record date, there were 47,131,853 shares of Frontier common stock outstanding. Because at least two-thirds of all outstanding shares is required to approve the merger, your failure to vote will have the same effect as a vote against the merger proposal.

Q: What will Frontier shareholders receive in the merger?

A: Each issued and outstanding share of Frontier common stock you own will be converted into 0.0530 newly issued shares of SPAH common stock and 0.0530 newly issued warrants. Based on the closing prices of Frontier s and SPAH s common stock on July 28, 2009 of $1.15 and $9.73, respectively, which was the last trading day prior to the date of the signing of the merger agreement, Keefe Bruyette calculated an implied consideration of $0.51569 per share of Frontier common stock resulting in a discount of approximately $0.63 per share of Frontier common stock. However, based on current market prices, the implied consideration may be less than the market price of Frontier common stock.

Contemporaneously with the Frontier special meeting of stockholders, SPAH has scheduled a special meeting of warrantholders to consider and vote upon a proposal to amend certain terms of the Warrant Agreement that governs the terms of SPAH s outstanding warrants, as more fully described in The Special Meeting of SPAH Warrantholders and the Warrant Amendment Proposal. If the merger is consummated, Frontier shareholders will receive newly issued warrants on the same terms and conditions as the publicly traded warrants, after giving effect to the warrant amendment proposal.

No fractional shares of SPAH common stock or warrants will be issued to any holder of Frontier common stock in the merger. If a holder of shares of Frontier common stock exchanged pursuant to the merger would be entitled to receive a fractional interest of a share of SPAH common stock or warrant, SPAH will round up or down the number of common stock of SPAH or warrants to be issued to the Frontier shareholder to the nearest whole number of shares of common stock.

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Q: What if I have Frontier stock options, restricted stock or stock appreciation rights?

A: Upon completion of the merger, each award, option, or other right to purchase or acquire shares of Frontier common stock pursuant to stock options, stock appreciation rights, or stock awards granted by Frontier under Frontier s stock incentive plans, equity compensation plans and stock option plans, which are outstanding immediately prior to the merger, whether or not vested, will be cancelled. As of September 14, 2009, there were 253,154 shares of Frontier restricted stock outstanding, with an aggregate value of approximately $192,397, each of which will vest at the time of the merger, and be converted into and become rights with respect to SPAH common stock. Frontier s directors, executive officers and their affiliates own 1,879 shares of such restricted stock.

Q: Will Frontier shareholders be taxed on the SPAH common stock and SPAH warrants that they receive in exchange for their Frontier shares?

A: No. We expect the merger to qualify as a reorganization for U.S. federal income tax purposes. If the merger qualifies as a reorganization for U.S. federal income tax purposes, Frontier shareholders will not recognize any gain or loss to the extent Frontier shareholders receive SPAH common stock and SPAH warrants in exchange for their Frontier shares. We recommend that Frontier shareholders carefully read the complete explanation of the material U.S. federal income tax consequences of the merger as set forth under Material U.S. Federal Income Tax Consequences, and that Frontier shareholders consult their tax advisors for a full understanding of the tax consequences of their participation in the merger.

Q: How much of SPAH s common stock will Frontier shareholders own upon completion of the merger and co-investment?

A: It depends. The percentage of Frontier s common stock (whether voting or non-voting) that existing Frontier shareholders will own after the merger and co-investment will vary depending on whether:

- any Frontier shareholder exercises dissenters rights;
- any of SPAH s 66,624,000 outstanding warrants (after reflecting the co-investment and merger) are exercised; and
- any SPAH public stockholder exercises their right to convert their shares into cash equal to a pro rata portion of the SPAH trust account.

Depending on the scenario, the existing Frontier shareholders will own from 3.9% to 5.5% of SPAH s common stock after the merger and co-investment.

In addition to the foregoing, the percentage of SPAH s voting common stock that existing Frontier shareholders will own after the merger and co-investment will depend on whether:

- any SPAH stockholder converts its voting common stock into Non-Voting Common Stock; and
- any SPAH warrantholder elects to receive shares of Non-Voting Common Stock in lieu of voting common stock upon exercise of their warrants.

SP Acq LLC and the Steel Trust have agreed to receive Non-Voting Common Stock as necessary in order to maintain an ownership level of voting common stock below 5% of the total outstanding shares of voting. As a result, Frontier shareholders will hold from 4.7% to 5.7% of the voting interests of SPAH depending on whether any Frontier shareholder exercises dissenters rights, any of SPAH s warrants are exercised and whether any SPAH public stockholders exercise their conversion rights.

For a table outlining the effect of the various scenarios on the percentage of SPAH s common stock and voting interests that existing Frontier shareholders will own after the merger with Frontier is completed, see The Merger and the Merger Agreement Stock Ownership of Existing SPAH and Frontier Stockholders After the Merger.

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Q: Do I have dissenters rights in respect of the merger?

A: Yes. If you (i) do not vote in favor of the adoption of the merger agreement and (ii) deliver to Frontier before the special meeting a written notice of dissent and otherwise comply with the requirements of Washington law, you will be entitled to assert dissenters rights. A shareholder electing to dissent from the merger must strictly comply with all procedures required under Washington law. These procedures are described more fully under the heading The Merger and the Merger Agreement Frontier Dissenters Rights , and a copy of the relevant Washington statutory provisions regarding dissenters rights is included in this joint proxy statement/prospectus as Annex F.

Q: What are the U.S. federal income tax consequences of exercising my dissenters rights?

A: The payment of cash to a Frontier shareholder, who exercises his or her dissenters rights with respect to such shareholder s shares of Frontier, will give rise to capital gain or loss equal to the difference between such shareholder s tax basis in those shares and the amount of cash received in exchange for those shares.

Q: How do the Frontier insiders intend to vote their shares?

A: Each of the Frontier s insiders has agreed to vote their 3,103,451 shares of Frontier common stock (which constitute 6.56% of Frontier s outstanding shares of common stock), FOR the merger proposal.

Q: Should I send in my share certificates now?

A: No. You should not send in your share certificates at this time. Promptly after the effective time of the merger, you will receive transmittal materials with instructions for surrendering your Frontier shares. You should follow the instructions in the post-closing letter of transmittal regarding how and when to surrender your stock certificates.

Q: What will happen if I abstain from voting or fail to vote at the special meeting?

A: Frontier will count a properly executed proxy marked ABSTAIN with respect to the merger proposal as present for purposes of determining whether a quorum is present. For purposes of approval, an abstention or failure to vote on the merger will have the same effect as a vote AGAINST the proposal but will preclude you from exercising your dissenters rights. In order to exercise your dissenters rights, you must cast a vote against the merger, deliver to Frontier before the special meeting a written notice of dissent and otherwise comply with the requirements of Washington law.

Q: What will happen if I sign and return my proxy card without indicating how I wish to vote?

A: Signed and dated proxies received by Frontier without an indication of how the shareholder intends to vote on the merger proposal will be voted in favor of the merger.

Shareholders will not be entitled to exercise their dissenters rights if such shareholders return proxy cards to Frontier without an indication of how they desire to vote with respect to the merger proposal or, for shareholders holding their shares in street name, if such shareholders fail to provide voting instructions to their banks, brokers or other nominees.

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SUMMARY TERM SHEET

This summary highlights selected information from this joint proxy statement/prospectus. It does not contain all of the information that you should consider before deciding how to vote on any of the proposals described herein. You should read carefully the more detailed information set forth under Risk Factors and the other information included in this proxy statement/prospectus.

The Companies (pages 116 and 141)

SPAH.

SPAH is a blank check company organized under the laws of the State of Delaware on February 14, 2007 to effect an acquisition, through a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or other similar business combination, of one or more businesses or assets. SPAH s units, common stock and warrants are currently quoted on the NYSE AMEX LLC under the symbols DSP.U, DSP, and DSP.W, respectively. SPAH s principal executive office is located at 590 Madison Avenue, 32nd Floor, New York, New York 10022, and its telephone number is (212) 520-2300.

Frontier.

Frontier is a Washington corporation which was incorporated in 1983 and is registered as a bank holding company under the BHC Act. Frontier has one operating subsidiary, Frontier Bank, which is engaged in a general banking business and in businesses related to banking. Frontier common stock is quoted on the NASDAQ Stock Market LLC under the symbol FTBK. Frontier s principal executive offices are located at 332 S.W. Everett Mall Way, P.O. Box 2215, Everett, Washington 98213 and its telephone number is (425) 347-0600.

Recent Developments (page 153)

Frontier. On March 20, 2009, Frontier Bank entered into a Stipulation and Consent to the Issuance of an Order to Cease and Desist (the FDIC Order) with the Federal Deposit Insurance Corporation (the FDIC) and the Washington Department of Financial Institutions (the Washington DFI). The regulators alleged that Frontier Bank had engaged in unsafe or unsound banking practices by operating with inadequate management and board supervision; engaging in unsatisfactory lending and collection practices; operating with inadequate capital in relation to the kind and quality of assets held at Frontier Bank; operating with an inadequate loan valuation reserve; operating with a large volume of poor quality loans; operating in such a manner as to produce low earnings and operating with inadequate provisions for liquidity. By consenting to the FDIC Order, Frontier Bank neither admitted nor denied the alleged charges.

Under the terms of the FDIC Order, Frontier Bank cannot declare dividends or pay any management, consulting or other fees or funds to Frontier, without the prior written approval of the FDIC and the Washington DFI. Other material provisions of the FDIC Order require Frontier Bank to: (1) review the qualifications of Frontier Bank s management, (2) provide the FDIC with 30 days written notice prior to adding any individual to the Board of Directors of Frontier Bank (the Frontier Bank Board) or employing any individual as a senior executive officer, (3) increase director participation and supervision of Frontier Bank affairs, (4) improve Frontier Bank s lending and collection policies and procedures, particularly with respect to the origination and monitoring of real estate construction and land development loans, (5) develop a capital plan and increase Tier 1 leverage capital to 10% of Frontier Bank s total assets by July 29, 2009, and maintain that capital level, in addition to maintaining a fully funded allowance for loan losses satisfactory to the regulators, (6) implement a comprehensive policy for determining the adequacy of the

allowance for loan losses and limiting concentrations in commercial real estate and acquisition, development and construction loans, (7) formulate a written plan to reduce Frontier Bank s risk exposure to adversely classified loans and nonperforming assets, (8) refrain from extending additional credit with respect to loans charged-off or classified as loss and uncollected, (9) refrain from extending additional credit with respect to other adversely classified loans without collecting all past due interest, without the prior approval of a majority of the directors on the Frontier Bank Board or its loan committee, (10) develop a plan to control overhead and other expenses to restore profitability, (11) implement a liquidity and funds management policy to reduce Frontier Bank s reliance on brokered deposits and other non-core funding sources, and (12) prepare and submit

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progress reports to the FDIC and the Washington DFI. The FDIC Order will remain in effect until modified or terminated by the FDIC and the Washington DFI.

The FDIC Order does not restrict Frontier Bank from transacting its normal banking business. Frontier Bank will continue to serve its customers in all areas including making loans, establishing lines of credit, accepting deposits and processing banking transactions. Customer deposits remain fully insured to the highest limits set by FDIC. The FDIC and Washington DFI did not impose any monetary penalties in connection with the FDIC Order.

In addition, on July 2, 2009, Frontier entered into a Written Agreement (the FRB Written Agreement) with the Federal Reserve Bank of San Francisco (the FRB). Under the terms of the FRB Written Agreement, Frontier has agreed to: (i) refrain from declaring or paying any dividends without prior written consent of the FRB; (ii) refrain from taking dividends or any other form of payment that represents a reduction in capital from Frontier Bank without prior written consent of the FRB; (iii) refrain from making any distributions of interest or principal on subordinated debentures or trust preferred securities without prior written consent of the FRB; (iv) refrain from incurring, increasing or guaranteeing any debt without prior written consent of the FRB; (v) refrain from purchasing or redeeming any shares of its stock without prior written consent of the FRB; (vi) implement a capital plan and maintain sufficient capital; (vii) comply with notice and approval requirements established by the FRB relating to the appointment of directors and senior executive officers as well as any change in the responsibility of any current senior executive officer; (viii) not pay or agree to pay any indemnification and severance payments except under certain circumstances, and with the prior approval of the FRB; and (ix) provide quarterly progress reports to the FRB.

Frontier Bank and the Frontier Bank Board also entered into an informal supervisory agreement, called a memorandum of understanding (Memorandum of Understanding) with the FDIC dated August 20, 2008 relating to the correction of certain violations of applicable consumer protection and fair lending laws and regulations, principally including the failure to provide certain notices to consumers pursuant to the Flood Disaster Protection Act of 1973, and certain violations of the Truth in Lending Act and Regulation Z.

The Memorandum of Understanding requires Frontier Bank and the Frontier Bank Board to (i) correct all violations found and implement procedures to prevent their recurrence; (ii) increase oversight of the Frontier Bank Board s compliance function, including monthly reports from Frontier Bank s compliance officer to the Frontier Bank Board detailing actions taken to comply with the Memorandum of Understanding; (iii) review its compliance policies and procedures and develop and implement detailed operating procedures and controls, where necessary, to ensure compliance with all consumer protection laws and regulations; (iv) establish monitoring procedures to ensure compliance with all consumer protection laws and regulations (including flood insurance), including the documentation and reporting of all exceptions to the Frontier Bank Board and its audit committee; (v) review, expand and improve the quality of such compliance with the frequency of compliance audits to be reviewed and approved annually by the Frontier Bank Board or audit committee, with a goal of auditing compliance at least annually; (vi) ensure that Frontier Bank s compliance management function has adequate staff, resources, training and authority for the size and structure of Frontier Bank; (vii) establish flood insurance monitoring procedures to ensure loans are not closed without flood insurance and prior notices to customers required by law, that lapses of flood insurance do not occur, and to develop methods to ensure that adequate amounts of flood insurance are provided, with Frontier Bank agreeing to force place flood insurance when necessary; (viii) provide additional training for all Frontier Bank personnel, including the Frontier Bank Board and audit and compliance staff for applicable laws and regulations; and (ix) furnish quarterly progress reports to the Regional Director of the FDIC detailing the actions taken to secure compliance with the Memorandum of Understanding until the Regional Director has released the institution, in writing, from submitting further reports. Frontier Bank was assessed civil monetary penalties of $48,895 for flood insurance violations and required to pay $10,974 in restitution to customers for certain violations of the Truth in Lending Act and Regulation Z.

Frontier has been actively engaged in responding to the concerns raised in the FDIC Order, the FRB Agreement and the Memorandum of Understanding and believes it has addressed all the regulators requirements and that it is in compliance with all the terms of these regulatory actions, with the exception of increasing Tier 1 leverage capital to 10% of the Bank s total assets. As of June 30, 2009, Frontier s Tier 1 leverage capital ratio was 6.49%, and as of September 30, 2009, Frontier s Tier 1 capital ratio will fall below 4.00%, as a result of significant additional

provisions for loan losses and charge-offs in the third quarter of 2009. See Management s Discussion & Analysis of Financial Condition and Results of Operations Allowance for Loan Losses Subsequent Events. With the consummation of the merger, Frontier believes it can increase its Tier 1 capital to compliance levels. Frontier s efforts to raise additional capital began in the third quarter of 2008, when the Frontier Board retained Sandler O Neill & Partners, L.P. (Sandler O Neill) to assist in raising capital and deleveraging Frontier s balance sheet. Frontier s ability to raise additional capital has been adversely affected by unfavorable conditions in the capital markets and Frontier s financial performance, and Frontier has not been able to raise additional capital to date. If Frontier cannot raise additional capital, continue to shrink its balance sheet and/or enter into a strategic merger or sale, Frontier may not be able to sustain further deterioration in its financial condition and further regulatory actions or restrictions may be taken against Frontier, including monetary penalties and the potential closure of Frontier Bank.

These regulatory actions may adversely affect Frontier s ability to obtain regulatory approval for future initiatives requiring regulatory action, such as acquisitions. The regulatory actions will remain in effect until modified or terminated by the regulators.

It is a condition to closing the merger that each of (i) the FDIC Order, (ii) the FRB Written Agreement, and (iii) Memorandum of Understanding, will have to be modified in a manner reasonably acceptable to SPAH, including the elimination of certain provisions and consequences related thereto. Although no final decisions have been made as to the specific provisions that must be modified, it is anticipated that SPAH would seek relief from limitations in the FDIC Order on the ability of Frontier Bank to pay dividends to Frontier, and similarly, relief from the FRB Written Agreement on the ability of Frontier to pay dividends to its shareholders. In addition, SPAH would anticipate seeking relief from the FDIC and the FRB requirements to seek prior approval for changes in senior officers and directors of Frontier Bank and Frontier, respectively. SPAH also anticipates seeking relief from restrictions in the FDIC Order on Frontier Bank s ability to extend additional credit with respect to borrowers whose loans are adversely classified or classified as a loss and uncollected. Additional modifications may be sought depending upon further discussions with the regulatory agencies. At the present time, Frontier has not received any indication from any of the regulatory agencies that such modifications will be forthcoming and does not have any agreements, formal or otherwise, regarding the consequences of failing to consummate the merger with SPAH.

Following the consummation of the merger, as part of the analysis performed in conjunction with the acquisition method of accounting based on SFAS 141(R), SPAH intends to write down approximately $200 million of Frontier non-performing loans.

Subsequent to June 30, 2009, Frontier experienced continued and significant deterioration in its loan portfolio. Based on Frontier s evaluations of collectability of loans and continued loan losses due to the current adverse economic environment, Frontier expects to record an additional provision for loan losses of $140.0 million and loan charge-offs of $100.0 million during the quarter ending September 30, 2009. Reductions in appraised values of collateral related to Frontier s nonperforming loans, downgrades in its performing loans, increased loss factors based on economic conditions, as well as consideration of Frontier s most recent regulatory examination result in this provision and these charge-offs. Frontier s evaluations take into account such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions that may affect borrowers ability to pay.

The estimated allowance for loan losses, provision for loan losses and loan charge-offs for the third quarter 2009 are as follows:

(In thousands)	
Beginning balance June 30, 2009	$ 98,583

Expected provision	140,000
Expected charge-offs	100,000
Expected ending balance September 30, 2009	$ 138,583

The expected third quarter provision is in addition to the $58.0 million provision recognized in the quarter ended March 31, 2009 and the $77.0 million provision recognized in the quarter ended June 30, 2009. Frontier expects the provision for the nine months ending September 30, 2009 to be $275.0 million.

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Frontier expects that its Tier 1 leverage capital ratio will drop below 4.0% as of September 30, 2009, and that Frontier and the Bank would be considered undercapitalized, or significantly undercapitalized if its Tier 1 capital ratio drops below 3.0%, under federal regulatory capital guidelines for banks, which could result in further regulatory actions or restrictions being taken against the Bank, including the potential closure of the Bank.

The Merger and the Merger Agreement (page 62)

SPAH and Frontier have agreed to combine their businesses under the terms of the merger agreement that is described in this joint proxy statement/prospectus. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A. Under the terms of the merger agreement, each share of Frontier common stock issued and outstanding at the effective time of the merger will be converted into 0.0530 shares of newly issued SPAH common stock and 0.0530 newly issued warrants of SPAH, having the same terms and conditions as the publicly traded SPAH warrants immediately prior to the effective time of the merger, after giving effect to the warrant amendment proposal. Based on the closing price of SPAH s common stock on July 28, 2009 of $9.73, which was the last trading day prior to the date of the signing of the merger agreement, Keefe Bruyette calculated an implied consideration of $0.51569 per share of Frontier common stock. However, based on current market prices, the implied consideration may be less than the market price of Frontier common stock.

SPAH stockholders will continue to own their existing shares of SPAH common stock after the merger, except that upon consummation of the merger, SP Acq LLC has agreed to forfeit 8,987,883 of its founder s shares and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker have agreed to forfeit an aggregate of 465,530 of their founder s shares.

We cannot complete the merger unless, among other things, we obtain the necessary government approvals, SPAH s application to become a bank holding company is approved, the stockholders of each of SPAH and Frontier approve the merger proposal, SPAH stockholders approve the amendments to SPAH s Amended and Restated Certificate of Incorporation, and SPAH s warrantholders approve the amendment to the Warrant Agreement.

Upon consummation of the merger with Frontier, the funds currently held in SPAH s trust account (less any amounts paid to stockholders who exercise their conversion rights and released as deferred underwriting compensation) and proceeds from the co-investment will be released to SPAH. SPAH intends to pay any additional expenses related to the merger and hold the remaining funds as capital pending use for general corporate and strategic purposes. Such purposes could include increasing the capital of Frontier Bank, making additional loans, future mergers and acquisitions, branch construction, asset purchases, payment of dividends, repurchases of shares of SPAH common stock and general corporate purposes. Until such capital is fully leveraged or deployed, SPAH may not be able to successfully deploy such capital and SPAH s return on equity could be negatively impacted.

Reasons for the Merger (pages 66 and 72)

SPAH. In reaching its decision to approve the merger agreement and recommend the merger to its stockholders, the SPAH Board reviewed various financial data, due diligence materials and other information. In addition, in reaching its decision to approve the merger agreement, the SPAH Board considered a number of factors, both positive and negative, including, among others:

- financial condition and results of operations of Frontier, including a tangible book value of $268.8 million, gross loans of $3.4 billion and total assets of $4.0 billion as of June 30, 2009;

the growth potential associated with Frontier, including potential for loan growth, enhanced operating margins and operating efficiencies;

the balance sheet make-up and product mix, including the loan and deposit mix of Frontier;

the experience and skill of Frontier s management, including Patrick M. Fahey, the current Chairman and Chief Executive Officer of Frontier who will become Chief Executive Officer of SPAH in the merger;

the interests of certain officers, directors and affiliates of SPAH;

the issuance of the FDIC Order and the Memorandum of Understanding;

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the issuance of the FRB Written Agreement; and

the deterioration of Frontier s loan portfolio, centered in its real estate construction and land development loans, including approximately $764.6 million in nonperforming loans predominately existing in construction real estate loans and land development and $98.6 million in loan loss reserves as of June 30, 2009.

These factors and others are more fully discussed under the heading The Merger and the Merger Agreement Reasons of SPAH for the Merger beginning on page 66. After reviewing all of these factors, the SPAH Board unanimously determined that the merger proposal and the transactions contemplated thereby are in the best interests of SPAH and unanimously recommended that SPAH s stockholders vote at the special meeting to adopt the merger agreement.

Frontier. In reaching its determination to adopt the merger agreement, the Frontier Board consulted with Frontier s management and its financial and legal advisors, and considered a number of factors, including, among others:

the ability of the merger to recapitalize and revitalize Frontier, restore its regulatory capital to well-capitalized levels, and achieve compliance with bank regulatory requirements;

the Frontier Board s assessment of the financial condition of SPAH and of the business, operations, capital level, asset quality, financial condition and earnings of the combined company on a pro forma basis. This assessment was based in part on presentations by Sandler O Neill, Frontier s financial advisor, and Keefe, Bruyette & Woods, Inc. (Keefe Bruyette), whom Frontier retained solely to render a fairness opinion, and Frontier s management and the results of the due diligence investigation of SPAH conducted by Frontier s management and financial and legal advisors;

the financial and growth prospects for Frontier and its shareholders of a business combination with SPAH as compared to continuing to operate as a stand-alone entity;

the information presented by Sandler O Neill to the Frontier Board with respect to the merger and the opinion of Keefe Bruyette that, as of the date of that opinion, the merger consideration is fair from a financial point of view to the holders of Frontier common stock (see Opinion of Keefe Bruyette below);

the current and prospective economic, regulatory and competitive environment facing the financial services industry generally, and Frontier in particular, including the continued rapid consolidation in the financial services industry and the competitive effects of the increased consolidation on smaller financial institutions such as Frontier;

the fact that SPAH has agreed to: (i) employ Patrick M. Fahey as Chief Executive Officer of the combined company, and (ii) appoint Mr. Fahey and three other member of the Frontier Board as directors of SPAH and Frontier Bank, which are expected to provide a degree of continuity and involvement by Frontier constituencies following the merger, in furtherance of the interests of Frontier s shareholders, customers and employees;

current conditions in the U.S. capital markets, including the unavailability of other sources of capital, strategic or other merger partners to Frontier;

that directors and officers of Frontier have interests in the merger in addition to their interests generally as Frontier shareholders, including change of control agreements for five of its current executive officers;

the effect of a termination fee of up to $2.5 million in favor of SPAH, including the risk that the termination fee might discourage third parties from offering to acquire Frontier by increasing the cost of a third party acquisition and, while SPAH has not agreed to pay Frontier any termination fee, Frontier was required to waive any claims against the trust account, if, for example, SPAH breaches the merger agreement;

the risk to Frontier and its shareholders that SPAH may not be able to obtain required regulatory approvals, or necessary modifications to the FDIC Order, the FRB Agreement and the Memorandum of Understanding, and the risk of failing to consummate the transaction;

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the SPAH stock and SPAH warrants to be received in exchange for Frontier common stock pursuant to the merger agreement and resulting pro forma ownership levels in relation to the historical trading prices of Frontier common stock, as compared to other possible scenarios in the view of the Frontier Board s financial advisor;

the current condition of Frontier and the future prospects of the business in light of the current economic environment and the likelihood that Frontier would need to raise capital in order to protect against future loan losses and achieve compliance with the FDIC Order and the FRB Agreement;

the fact that Frontier s existing capital resources were limiting management s ability to effectively manage certain problem credits;

uncertainty about how much of SPAH s trust account will be available for working capital after closing; and

the pending regulatory actions against Frontier, Frontier s noncompliance with the capital requirement imposed by the FDIC Order, and their potential adverse impact on the profitability, operations and deposits of Frontier Bank, and the risk of further regulatory action and penalties, including the potential closure of Frontier Bank.

These factors and others are more fully discussed under the heading The Merger and the Merger Agreement Reasons of Frontier for the Merger beginning on page 72. After reviewing all of these factors, the Frontier Board unanimously determined that the merger and the transactions contemplated thereby are in the best interests of Frontier and Frontier s shareholders and unanimously recommended that Frontier s shareholders vote at the Frontier special meeting to approve the merger agreement.

Frontier Obtained an Opinion that the Merger Proposal Consideration is Fair to Frontier s Shareholders from a Financial Point of View (page 73)

Keefe Bruyette was retained by Frontier solely to render an opinion to the Frontier Board with respect to the fairness, from a financial point of view, of the merger proposal consideration. Keefe Bruyette rendered an opinion to the Frontier Board that, as of July 29, 2009, the date the Frontier Board voted on the merger proposal, the consideration to be received in the transaction was fair to Frontier s shareholders from a financial point of view. A copy of the opinion delivered by Keefe Bruyette is attached to this joint proxy statement/prospectus as Annex E. Frontier s shareholders should read the opinion completely to understand the assumptions made, matters considered, limitations and qualifications of the review undertaken by Keefe Bruyette in providing its opinion.

Regulatory Approvals (page 87)

SPAH and Frontier have agreed to obtain all regulatory approvals required to consummate the transactions contemplated by the merger agreement, which include approval from the Board of Governors of the Federal Reserve System (Federal Reserve) and the Washington DFI, each as detailed below. The merger cannot proceed in the absence of these regulatory approvals. Any approval granted by these federal and state bank regulatory agencies may include terms and conditions more onerous than SPAH s management contemplates, and approval may not be granted in the timeframes desired by SPAH and Frontier. Regulatory approvals, if granted, may contain terms that relate to deteriorating economic conditions both nationally and in Washington; bank regulatory supervisory reactions to the current economic difficulties may not be specific to Bank or SPAH. Although SPAH and Frontier expect to obtain the timely required regulatory approvals, there can be no assurance as to if or when these regulatory approvals will be obtained, or the terms and conditions on which the approvals may be granted.

As noted, the merger is subject to the prior approval of the Federal Reserve. SPAH filed an application with the Federal Reserve on August 12, 2009. In evaluating the merger, the Federal Reserve is required to consider, among other factors, (1) the financial condition, managerial resources and future prospects of the institutions involved in the transaction; and (2) the convenience and needs of the communities to be served, and the record of performance

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under the Community Reinvestment Act (the CRA). The BHC Act, and Regulation Y promulgated thereunder by the Federal Reserve (Regulation Y), prohibit the Federal Reserve from approving the merger if:

> it would result in a monopoly or be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking in any part of the United States; or
>
> its effect in any area of the country could be to substantially lessen competition or to tend to create a monopoly, or if it would result in a restraint of trade in any other manner, unless the Federal Reserve should find that any anti-competitive effects are outweighed clearly by the public interest and the probable effect of the merger in meeting the convenience and needs of the communities to be served.

The merger may not be consummated any earlier than the 15th day (or the 5th day if expedited processing is granted by the Federal Reserve) following the date of approval of SPAH s bank holding company application by the Federal Reserve, during which time the United States Department of Justice is afforded the opportunity to challenge the merger on antitrust grounds. The commencement of any antitrust action would stay the effectiveness of the approval of the Federal Reserve, unless a court of competent jurisdiction were to specifically order otherwise.

The merger also is subject to the prior approval of the Washington DFI. SPAH filed an application with the Washington DFI on August 14, 2009. The Washington DFI may disapprove a change of control of a state bank within 60 days of the filing of a complete application (or for an extended period not exceeding an additional 15 days) if it determines that the transaction is not in the public interest and for other reasons specified under Washington law.

Expected Tax Treatment as a Result of the Merger (page 189)

We have structured the merger so that it will be considered a reorganization for U.S. federal income tax purposes. If the merger is a reorganization for U.S. federal income tax purposes, Frontier s shareholders generally will not recognize any gain or loss on the exchange of shares of Frontier common stock for shares of SPAH common stock and SPAH warrants. Determining the actual tax consequences of the merger to a Frontier shareholder may be complex. These tax consequences will depend on each stockholder s specific situation and on factors not within our control. Frontier s shareholders should consult their own tax advisors for a full understanding of the tax consequences of their participation in the merger.

If you are a SPAH stockholder and exercise your conversion rights or if you are a Frontier shareholder and exercise your dissenters rights, you will generally be required to treat the exchange of your shares for cash as a sale of the shares and recognize gain or loss in connection with such sale.

In conjunction with the merger, SPAH warrantholders will vote on whether to amend the terms of their warrants. If the terms of the warrants are amended, a warrantholder will be treated as exchanging his or her old warrants for new warrants in connection with the consummation of the transactions contemplated by the merger agreement. We expect the merger to qualify as a reorganization for U.S. federal income tax purposes. If the merger qualifies as a reorganization for U.S. federal income tax purposes, a warrantholder will not recognize any gain or loss on the deemed exchange of his or her old warrants for new warrants as a result of the amendment.

Accounting Treatment (page 86)

The merger will be accounted for using the acquisition method of accounting, with SPAH being treated as the acquiring entity for accounting purposes pursuant to the provisions Statement of Financial Accounting Standards No. 141R (SFAS 141R). Pursuant to the requirements of SFAS 141R, SPAH is expected to be the acquirer for accounting purposes because SPAH is expected to own a majority interest upon consummation of the merger and the

co-investment. Determination of control places emphasis on the stockholder group that retains the majority of voting rights in the combined entity. If the accounting acquirer cannot be determined based upon relative voting interests, other indicators of control are considered in the determination of the accounting acquirer, including: control of the combined entity s board of directors, the existence of large organized minority groups, and senior management of the combined entity.

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SFAS 141R requires, among other things, that most assets acquired and liabilities assumed be recognized at their fair values as of the merger date. In addition, SFAS No. 141R establishes that the consideration transferred include the fair value of any contingent consideration arrangements and any equity or assets exchanged are measured at the closing date of the merger at the then-current market price.

The SPAH Board After the Merger (page 85)

Under the terms of the merger agreement, SPAH will recommend for stockholder approval the election of Warren G. Lichtenstein and, if the merger is consummated, four directors from Frontier, comprised of Patrick M. Fahey, Lucy DeYoung, Mark O. Zenger and David M. Cuthill, each of whom currently serve on the Frontier Board, in each case to serve until the next annual meeting of SPAH and until their successors shall have been elected and qualified. Upon the election of the Frontier nominees to the SPAH Board and, upon consummation of the merger, the SPAH Board will consist of five (5) members, with Mr. Lichtenstein serving as the Chairman of the Board.

The Frontier Bank Board After the Merger (page 85)

Under the terms of the merger agreement, upon consummation of the merger, the Frontier Bank Board will consist of five (5) directors, comprised of SPAH s designee, John McNamara, to serve as Chairman of the Board, and four (4) directors from Frontier, comprised of Patrick M. Fahey, and three (3) other existing members of the Frontier Bank Board.

Management and Operations After the Merger (page 85)

Each of the current executive officers of SPAH will resign upon consummation of the merger, other than Warren G. Lichtenstein who will continue to serve as Chairman of the Board, although he will resign as President and Chief Executive Officer of SPAH. The existing management team of Frontier will manage the business of the combined company following the merger.

Completion of the Merger is Subject to Certain Conditions (page 94)

Completion of the merger is subject to the satisfaction or waiver of a number of conditions, including the following:

- the adoption of the Initial Charter Amendments and the Subsequent Charter Amendments;
- the adoption of the warrant amendment proposal by SPAH warrantholders;
- the adoption of the merger agreement by SPAH and Frontier stockholders;
- no more than 10% (minus one share) of SPAH public stockholders vote against the merger agreement and thereafter exercise their conversion rights;
- no more than 10% of the holders of Frontier common stock entitled to vote on the merger exercise their dissenters rights;
- the approval of SPAH s application to become a bank holding company;

receipt of all required regulatory approvals, including the approval of the Federal Reserve and the Washington DFI; and

each of (i) the FDIC Order, (ii) the FRB Written Agreement, and (iii) the Memorandum of Understanding, will have been modified in a manner reasonably acceptable to SPAH, including by the elimination of certain provisions and consequences related thereto.

These conditions and others are more fully discussed under the heading The Merger and the Merger Agreement The Merger Agreement Conditions to the Closing of the Merger . Some of these closing conditions, including the closing condition that no more than 10% (minus one share) of SPAH public stockholders may vote against the merger agreement and thereafter exercise their conversion rights, may be waived by SPAH.

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Termination of the Merger Agreement (page 95)

Notwithstanding the approval of the merger proposal by SPAH and Frontier stockholders, we can mutually agree at any time to terminate the merger agreement at any time prior to the effective time:

By mutual written agreement of SPAH and Frontier;

By either party if the other party is in breach of any of its representations, warranties or covenants under the merger agreement which cannot be or has not been cured within 5 days after the giving of written notice by the non-breaching party to the breaching party of such breach;

By either party in the event (i) any consent of any regulatory authority required for consummation of the merger and the other transactions contemplated hereby shall have been denied by final nonappealable action of such authority or if any action taken by such authority is not appealed within the time limit for appeal, (ii) any law or order permanently restraining, enjoining or otherwise prohibiting the consummation of the merger shall have become final and nonappealable, (iii) the stockholders of SPAH or Frontier fail to vote their approval of the matters relating to the merger agreement and the transactions contemplated thereby at SPAH s special meeting of stockholders or Frontier s special meeting of shareholders, respectively, where such matters were presented to such stockholders for approval and voted upon, or (iv) if applicable, holders of 10% or more of the shares sold in SPAH s initial public offering vote against the merger and exercise their conversion rights;

By either party in the event that the merger shall not have been consummated by December 31, 2009, in the event SPAH extends its corporate life beyond October 10, 2009;

By either party if the other party s board of directors fails to reaffirm its approval upon the other party s request for such reaffirmation of the merger or if such other party s board of directors resolves not to reaffirm the merger;

By either party if the other party s board of directors fails to include in the joint proxy statement/prospectus its recommendation, without modification or qualification, that the stockholders approve the merger or if the party s board of directors withdraws, qualifies, modifies, proposes publicly to withdraw, qualify, or modify, in a manner adverse to the other party, the recommendation that the stockholders approve the merger;

By either party if the other party s board of directors affirms, recommends, or authorizes entering into any acquisition transaction other than the merger or, within 10 business days after commencement of any tender or exchange offer for any shares of its common stock, the other party s board of directors fails to recommend against acceptance of such tender or exchange offer or takes no position with respect to such tender or exchange offer;

By either party if the other party s board of directors negotiates or authorizes the conduct of negotiations (and five business days have elapsed without such negotiations being discontinued) with a third party regarding an acquisition proposal other than the merger; or

By either party if the party terminating is not in material breach of any representation, warranty, or covenant, or other agreement in the merger agreement, and prior to the adoption of the merger proposal by the stockholders, the other party s board of directors has (1) withdrawn or modified or changed its recommendation of approval of the merger agreement in a manner adverse to the terminating party in order to approve and permit the other party to accept a superior proposal and (2) determined, after consultation with, and the receipt of advice from outside legal counsel to the other party, that the failure to take such action as described in the preceding

clause (1) would be likely to result in a breach of the board of directors fiduciary duties under applicable law, provided, however, that at least five business days prior to any such termination, the terminating party shall, and shall cause its advisors to, negotiate with the other party, if such party elects to do so, to make such adjustments in the terms and conditions of the merger agreement as would enable the other party to proceed with the merger on the adjusted terms.

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Interests of SPAH s Directors and Officers and Others in the Merger (page 68)

When considering the recommendations of the SPAH Board, you should be aware that some of SPAH s directors and officers and other have interests in the merger proposal that may differ from the interests of other stockholders:

- Warren G. Lichtenstein will serve as the Chairman of the SPAH Board following the consummation of the merger;
- John McNamara will serve as Chairman of the Frontier Bank Board following the consummation of the merger;
- if the merger is not approved and SPAH is required to liquidate, all the shares of common stock and all the warrants held by the SPAH insiders (including SP Acq LLC and SP II), which, as of the record date, for the shares, were worth approximately $9.81 per share and approximately $106,167,744 in the aggregate and, for the warrants, were worth approximately $0.38 per warrant and approximately $6,772,512 in the aggregate, will be worthless. Since Mr. Lichtenstein, SPAH s Chairman of the Board, President and Chief Executive Officer, may be deemed the beneficial owner of shares held by SP Acq LLC and SP II, he may also have a conflict of interest in determining whether a particular target business is appropriate for SPAH and its stockholders. However, upon consummation of the merger, SP Acq LLC has agreed to forfeit 8,987,883 of its founder s shares and Anthony Bergamo, Ronald LaBow, Howard M. Lorber, Leonard Toboroff and S. Nicholas Walker have agreed to forfeit an aggregate of 465,530 of their founder s shares;
- if SPAH liquidates prior to the consummation of a business combination, SP Acq LLC and Mr. Lichtenstein will be personally liable if and to the extent any claims by a third party for services rendered or products sold, or by a prospective business target, reduce the amounts in the trust account available for distribution to SPAH stockholders in the event of a dissolution and liquidation; and
- unless SPAH consummates an initial business combination, its officers and directors, its employees, and affiliates of SP Acq LLC and their employees will not receive reimbursement for any out-of-pocket expenses incurred by them to the extent that such expenses exceed the amount of available proceeds not deposited in the trust account and the $3.5 million in interest income on the balance of the trust account that has been released to SPAH to fund its working capital requirements.

Each board member was aware of these and other interests and considered them before approving and adopting the merger agreement. Additionally, upon consummation of the merger, the underwriters in SPAH s initial public offering will be entitled to receive approximately $17.3 million of deferred underwriting discounts and commissions currently held in SPAH s trust account. SPAH is in negotiation with its underwriters regarding the amount and form of payment of such deferred underwriting fees from SPAH s initial public offering. As of the date hereof, SPAH has negotiated the reduction of underwriting fees by approximately $3.65 million and SPAH will continue to negotiate a further reduction of such fees until a mutual settlement can be reached. The results of these negotiations are uncertain since the underwriters can discontinue negotiations with SPAH at any time and require the full amount of their fees payable upon consummation of the merger. If the merger is not consummated and SPAH is required to liquidate, the underwriters have agreed to forfeit any rights or claims to their deferred underwriting discounts and commissions then in the trust account, and those funds will be included in the pro rata liquidation distribution to the SPAH public stockholders.

Certain Benefits of Directors and Officers of Frontier (page 79)

When considering the recommendations of the Frontier Board, you should be aware that some directors and officers have interests in the merger proposal that differ from the interests of other shareholders, including the following:

Stock Ownership. The directors, executive officers and principal shareholders of Frontier, together with their affiliates, beneficially owned, as of the record date for the special meeting, a total of 3,103,451 shares of Frontier common stock, including 253,154 shares of restricted stock that has or will be vested at the time of the merger, representing 6.56% of the total outstanding shares of Frontier common stock;

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Change of Control Agreements. Frontier is a party to change of control agreements with five of its current executive officers, John J. Dickson, Carol E. Wheeler, R. James Mathison, Robert W. Robinson and Lyle E. Ryan. These agreements generally provide that in the event of a termination of employment in connection with, or within 24 months after, a change of control, for reasons other than cause, the executive will receive a lump sum payment on the first day of the seventh month after the termination of his or her employment in an amount equal to two times the amount of his or her salary and bonus for the twelve months prior to the effective date of the change of control and will continue to be covered by applicable medical and dental plans for 24 months following termination of employment. In the event an executive, after attaining age 60, voluntarily retires within 12 months following a change of control, the executive will receive a lump sum payment equal to one times the amount of his or her salary and bonus, and will continue to be covered by applicable medical and dental plans for 12 months following termination of employment. The maximum aggregate amount of such payments (based on two times their salaries and bonuses) due to Messrs. Dickson, Mathison, Robinson and Ryan, and Ms. Wheeler, upon such termination of their employment would be $698,250, $419,250, $409,500, $518,020, and $368,250, respectively.

In addition, the vesting of restricted stock awards granted under Frontier s 2006 Stock Option Plan will accelerate upon the effective time of the merger.

Insurance and Indemnification. SPAH has agreed to use reasonable best efforts to maintain Frontier s existing policies of directors and officers liability insurance (or at SPAH s option, obtain comparable coverage under its own insurance policies) for a period of six years after the merger with respect to claims arising from facts or events which occurred prior to the effective time of the merger, subject to a maximum premium limit of $1,150,000. SPAH has also agreed to continue to provide for the indemnification of the former and current directors, officers, employees and agents of Frontier for six years after the merger.

Certain Employee Matters. The merger agreement contains certain agreements of the parties with respect to various employee matters.

At and following the effective time of the merger, SPAH will assume and honor certain Frontier severance and change of control agreements that Frontier had with its officers and directors on July 24, 2009.

Transfer Restrictions of SPAH Insiders and Frontier Insiders upon Consummation of the Merger (pages 68 and 86)

SPAH Insiders. Upon consummation of the merger, SP Acq LLC has agreed to forfeit 8,987,883 of the 9,653,412 founder s shares it owns and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker have agreed to forfeit an aggregate of 465,530 of the 500,000 founder s shares they own. The SPAH insiders previously agreed not to sell or transfer their founder s units and the founder s shares and initial founder s warrants comprising the founder s units (including the common stock to be issued upon the exercise of the initial founder s warrants) for a period of one year from the date the merger is consummated, except in each case to permitted transferees who agree to be subject to the same transfer restrictions. The Steel Trust has agreed to be subject to these transfer restrictions.

SP II has previously agreed not to sell or transfer the co-investment units, co-investment shares or co-investment warrants (including the common stock to be issued upon exercise of the co-investment warrants) until one year after SPAH completes the merger except to permitted transferees who agree to be bound by such transfer restrictions. The Steel Trust has agreed to be subject to these transfer restrictions. We refer to these agreements with the SPAH insiders and their permitted transferees as lock-up agreements.

Frontier Insiders. The Frontier insiders have agreed not sell, pledge, transfer or otherwise dispose of the shares of SPAH common stock and SPAH warrants for a one year period ending on the first anniversary of the consummation of the merger.

Comparative Rights of Stockholders (page 202)

The rights of SPAH stockholders are currently governed by Delaware law, the SPAH Certificate of Incorporation and the bylaws of SPAH (the SPAH Bylaws). The rights of Frontier s shareholders are currently governed by Washington law and Frontier s amended and restated articles of incorporation (the Frontier Articles of

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Incorporation) and 2003 restated bylaws (the Frontier Bylaws). Upon consummation of the merger, the stockholders of Frontier will become stockholders of SPAH and the SPAH Certificate of Incorporation, as proposed to be amended and restated, the SPAH Bylaws and Delaware law will govern their rights. The SPAH Certificate of Incorporation and SPAH Bylaws differ somewhat from those of Frontier. Material differences include:

The SPAH Bylaws provide that a director can be removed with or without cause by a majority vote of the holders of the outstanding shares then entitled to vote at an election of directors; in comparison, the Frontier Articles of Incorporation provide that a director may be removed only for cause by the holders of not less than two-thirds of the shares entitled to elect the director whose removal is sought.

The Frontier Articles of Incorporation and Frontier Bylaws divide the Frontier Board into three classes of directors, as nearly equal as possible, with each class being elected to a staggered three-year term; in comparison, SPAH does not have a staggered board and each director is elected for a term that expires at the next annual meeting of stockholders.

SPAH has elected not to be governed by Section 203 of the Delaware General Corporation Law (the DGCL), which limits business combinations, including mergers, with an interested stockholder ; in comparison, under the WBCA, Frontier is prohibited, with certain exceptions, from engaging in certain significant business transactions with a person or group of persons beneficially owning 10% or more of its voting securities for a period of five years after the acquisition of such securities, unless the transaction or acquisition of shares is approved by a majority of the members of the board of directors prior to the date on which the acquiring person first obtained 10% share ownership.

After the merger with Frontier is completed, adoption of a subsequent merger agreement or consolidation of SPAH with a different entity will require the affirmative vote of the holders of a majority of the outstanding shares of SPAH common stock entitled to vote; in comparison, certain mergers and share exchanges of Frontier must be approved by holders of at least two-thirds of the outstanding shares entitled to vote thereon.

For a more complete description of the difference between the rights of the stockholders of SPAH and the rights of shareholders of Frontier, please refer to the section entitled Comparative Rights of SPAH and Frontier.

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RISK FACTORS

You should carefully consider the following risk factors, together with all of the other information included in this joint proxy statement/prospectus, before you decide whether to vote or instruct your vote to be cast to approve the proposals described in this joint proxy statement/prospectus.

Risks Related to the Business of Frontier

The continued downturn in Frontier s real estate market areas and weakness in the economy could adversely affect Frontier s financial condition and profitability.

The Washington and Oregon economies and real estate markets experienced a significant, dramatic downturn in the past year, and with significant declines in real estate values. Average home sale prices declined by 16.1% year over year in Washington as of June 30, 2009, and 13.4% year over year as of December 31, 2008 and average home sale prices had declined by 9.8% year over year in Oregon as of September 30, 2008, according to data published by the National Association of Realtors, while home sales slowed significantly declining by 19.8% and 15.2% in Washington and Oregon, respectively. Unemployment increased by 3.8% to 9.1% in Washington over the twelve months ended June 30, 2009, and by 5.6% to 11.9% in Oregon over the same period, according to the National Bureau of Labor Statistics, while according to RealtyTrac foreclosures rose by 94% and 84% in Washington and Oregon, respectively.

Frontier is currently operating in a challenging and uncertain economic environment, both nationally and locally. Like many other financial institutions, Frontier is being affected by sharp declines in the real estate market, constrained financial markets and a weak economy. Continued declines in real estate values and home sales and financial stress on borrowers as a result of the uncertain economic environment, including job losses, could have an adverse effect on Frontier s borrowers or their customers and demand for Frontier s products and services, which could adversely affect Frontier s financial condition and earnings, increase loan delinquencies, defaults and foreclosures, and significantly impair the value of Frontier s collateral and its ability to sell the collateral upon foreclosure.

Frontier is experiencing deterioration in its loan portfolio, centered in its residential construction and land development loans.

As of June 30, 2009, approximately 85.4% of Frontier s loan portfolio was comprised of loans secured by real estate. Of this 85.4% of real estate loans, 35% are commercial real estate loans, 21% are residential construction loans, 16% are land development loans, 15% are term 1-4 family residential loans, 9% are lot loans and 4% are commercial construction loans. Frontier has been experiencing deterioration in its loan portfolio, centered in its residential construction and land development loans. Many of these loans are maturing and classified as nonperforming assets while Frontier works with the borrowers to maximize its recovery. If loan payments from borrowers are over 90 days past due, or sooner if normal repayment cannot resume, the loans are placed on nonaccrual status, thereby reducing and/or reversing previously accrued interest income. From third quarter 2008 to June 30, 2009, Frontier s nonperforming and nonaccrual loans increased significantly, from $205.2 million to $764.6 million, $513.2 million of which were residential construction and land development loans, which represent 43.1% of Frontier s residential construction and land development loans. The contraction or expansion of Frontier s nonaccrual loan portfolio and other real estate owned (OREO) properties in future periods will depend upon the company s ongoing collection efforts and changes in market conditions. Frontier has a dedicated a team of 38 employees focused on the management of problem loans, but there is no guarantee that this team will be able to effectively manage the amount of problem loans Frontier may encounter in the future. Additional information regarding credit risk is included in Information About Frontier Management s Discussion and Analysis of Financial Condition and Results of Operations Loans.

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Frontier s management believes that there is the potential for additional loan losses beyond those recognized as of June 30, 2009, particularly with respect to Frontier Bank s construction and land development portfolio, and these losses could be significantly greater than management presently expects, particularly if economic conditions deteriorate further.

Frontier Bank s loan portfolio and allowance for loan losses are assessed each quarter by management, and were subject to recent examinations by its federal and state regulators. Further, in its efforts to refine Frontier Bank s assessment of inherent risk in Frontier Bank s loan portfolio, Frontier Bank has performed extensive reviews and analyses. As a result of these reviews and analyses, assuming a continuing weak economy, Frontier believes the potential for additional deterioration in the Bank s loan portfolio may result in additional loan losses of approximately $200 million (which estimate takes into account approximately $100.0 million of loan charge-offs expected in the third quarter of 2009; see Information About Frontier Management s Discussion & Analysis of Financial Condition and Results of Operations Allowance for Loan Losses Subsequent Events), primarily as a result of decreased residential and commercial real estate values, increased financial stress on borrowers, bankruptcies and related expenses of collection, foreclosure and OREO, and such losses can be further increased if the adverse economic conditions become more severe or continue longer than Frontier anticipates. Any such additional loan losses, should they occur, would adversely affect Frontier s financial condition and profitability.

Due to unforeseen circumstances and/or changes in estimates, Frontier s allowance for loan losses may not be adequate to cover actual losses.

An essential element of Frontier s business is to make loans. Frontier maintains an allowance for loan losses that it believes is a reasonable estimate of known and inherent losses within the loan portfolio. At June 30, 2009, Frontier s allowance for loan losses was $98.6 million or 2.89% of its total loans of $3.4 billion, and as of September 30, 2009, Frontier s allowance for loan losses is expected to increase to $138.5 million or 4.17% of its total loans of $3.3 billion, as a result of significant additional provisions for loan losses and charge-offs in the third quarter of 2009. See Management s Discussion & Analysis of Financial Condition and Results of Operations Allowance for Loan Losses Subsequent Events. The determination of the appropriate level of loan loss allowance as well as the appropriate amount of loan charge-offs (net of loan recoveries) is an inherently difficult process and is based on numerous assumptions and there may be a range of potential estimates. The amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in Frontier s real estate markets and interest rates that are beyond Frontier s control. Frontier s underwriting policies, credit monitoring processes and risk management systems and controls may not prevent unexpected losses. In addition, bank regulators periodically review Frontier s allowance for loan losses and may require Frontier to increase its provision for loan losses or recognize further loan charge-offs.

While SPAH has reviewed Frontier s loan portfolio, allowance for loan losses, loan charge-offs and loan recoveries, there is no precise method for predicting credit losses since any estimate of loan losses is necessarily subjective and the accuracy depends on the outcome of future events. Upon consummation of the merger, management of the combined company will make its own independent evaluation of the loan portfolio and make adjustments to the loan loss allowance as necessary. The allowance for loan losses may be further changed upon the continued review of bank regulators. Although SPAH believes, based on its review of Frontier s loan portfolio, that upon a post merger evaluation of the loan portfolio the combined company will have sufficient capital following the consummation of the merger to absorb potential increases in loan charge-offs, while maintaining adequate capital ratios, there can be no assurance that any revised allowance for loan losses will be adequate to cover actual loan losses. Any significant increases in the allowance for loan losses would adversely affect the capital base and earnings of the combined company.

Defaults and related losses in Frontier s residential construction and land development loan portfolio could result in a significant increase in OREO balances and the number of properties to be disposed of, which would adversely

affect Frontier s financial results.

As part of Frontier s collection process for all nonperforming real estate loans, the company may foreclose on and take title to the property serving as collateral for the loan. Real estate owned by Frontier and not used in the ordinary course of its operations is referred to as other real estate owned (OREO) property. Frontier expects to take

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additional properties into OREO. Increased OREO balances lead to greater expenses as the company incurs costs to manage and dispose of the properties and, in certain cases, complete construction of improvements prior to sale. Any decrease in sale prices on properties may lead to OREO write-downs with a corresponding expense in Frontier s income statement. Frontier s management expects that earnings over the next several quarters could be negatively affected by various expenses associated with OREO, including personnel costs, insurance and taxes, completion and repair costs, and other costs associated with property ownership, as well as by the funding costs associated with assets that are tied up in real estate during the period they are held in OREO. The management and oversight of OREO is time consuming and can be complex and can require significant resources of Frontier s management and employees. Frontier will also be at risk of further declines in real estate prices in the market areas in which the company conducts its lending business.

Restrictions imposed by regulatory actions could have an adverse effect on Frontier and failure to comply with any of its provisions could result in further regulatory action or restrictions.

The businesses and operations of Frontier and its subsidiary, Frontier Bank, are currently subject to regulatory actions, including the FDIC Order and the FRB Written Agreement, which , for example, generally prohibit Frontier Bank from paying dividends (effectively prohibiting any dividends by its holding company, Frontier, because substantially all earnings of Frontier are derived from Frontier Bank), repurchasing stock, retaining new directors or senior managers or changing the duties of senior management, paying management or consulting fees or other funds to Frontier, and extending additional credit with respect to nonperforming and adversely classified loans which management believes, complicates the workout of troubled loans. The FDIC Order also requires Frontier Bank to raise its Tier 1 leverage capital ratio to a higher than normal level of 10% of its assets, by July 29, 2009, and to maintain that capital level, in addition to maintaining a fully funded allowance for loan losses satisfactory to the FDIC and the Washington DFI. These and other regulatory actions are described in more detail in Information About Frontier Management s Discussion and Analysis of Financial Condition and Results of Operations Regulatory Actions. The FDIC identified deficiencies in the management and supervision of Frontier Bank that primarily relate to loan underwriting, procedures and monitoring, excessive concentrations in construction and land development loans, and related concerns about Frontier Bank s capital and liquidity. Management believes it has addressed the concerns and that it is in compliance with all the requirements of the FDIC Order and the FRB Written Agreement, other than the Tier 1 capital requirement for Frontier Bank. Frontier believes it can increase its Tier 1 capital to compliance levels with the consummation of the merger. However, these regulatory actions and any future actions could continue to limit Frontier s growth and adversely affect its earnings, business and operations. In addition, failure to comply with these regulatory actions or any future actions could result in further regulatory actions or restrictions, including monetary penalties and the potential closure of Frontier Bank.

Frontier s future earnings may be adversely affected by the legal and regulatory actions taken against it, as well as those legal actions that Frontier has and may pursue.

Frontier and the Frontier Board (as well as SPAH) have been sued in the putative securities class action lawsuit described in Information About Frontier Legal Proceedings, which, if adversely determined, could have a material adverse effect on its consolidated financial position, results of operations or cash flows and Frontier s ability to consummate the merger or the consolidated financial position, results of operations or cash flows of the surviving entity. Further, Frontier and Frontier Bank are also involved in the regulatory, collection and potential foreclosure actions and proceedings described therein. Because Frontier is unable to predict the impact or resolution of these outstanding litigation and regulatory matters or to reasonably estimate the potential loss, if any, no reserves have yet been established therefor. Frontier may determine in the future that it is necessary to establish such reserves and, if so established, such reserves could have a material adverse impact on its financial condition.

Frontier s profitability and the value of stockholder s investments may suffer because of rapid and unpredictable changes in the highly regulated environment in which Frontier operates.

Frontier is subject to extensive supervision by several governmental regulatory agencies at the federal and state levels in the financial services area. See Supervision and Regulation . Recently enacted, proposed and future legislation and regulations have had, and will continue to have, or may have a significant impact on the financial services industry. These regulations, which are generally intended to protect depositors and not stockholders, and

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the interpretation and application of them by federal and state regulators, are beyond Frontier s control, may change rapidly and unpredictably and can be expected to influence earnings and growth. For example, the FDIC and the Federal Reserve recently issued joint Guidance on Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices that sets forth supervisory criteria to assist bank examiners in identifying banks with potentially significant commercial real estate loan concentrations that may warrant greater supervisory scrutiny. The Guidance applies to Frontier Bank, based on Frontier s current loan portfolio, and Frontier s management expects that the company s business and operations will be subject to enhanced regulatory review for the foreseeable future. Regulatory authorities have extensive discretion in their supervisory and enforcement activities, including the imposition of restrictions on operations, the classification of assets and determination of the level of allowance for loan losses. Frontier s success depends on Frontier s continued ability to maintain compliance with these regulations. Increased regulation and supervision of the banking and financial industry as a result of the existing financial crisis. Such additional regulation and supervision may increase our costs and limit our ability to pursue business opportunities.

Market and other constraints on Frontier s construction loan origination volume are expected to lead to decreases in the company s interest and fee income that are not expected to be fully offset by reductions in its noninterest expenses.

Due to existing conditions in housing markets in the areas where Frontier operates, the recession and other factors, Frontier projects the company s construction loan originations to be materially constrained in 2009 and beyond. Additionally, management s revised business plan will de-emphasize the origination of construction loans. This will lower interest income and fees generated from this part of Frontier s business. Unless this revenue decline is offset by other areas of Frontier s operations, the company s total revenues may decline relative to its total noninterest expense. Frontier expects that it will be difficult to find new revenue sources in the near term to completely offset expected declines in the company s interest income. In that regard, the adverse economic conditions that began in 2007 and that have continued into 2009 have significantly reduced Frontier s origination of all new loans, and Frontier s management cannot assure you that the company s total loans or assets will increase or not decline in 2009.

Fluctuations in interest rates could reduce Frontier s profitability and affect the value of its assets.

Frontier s earnings and cash flows are largely dependent upon the company s net interest income. Net interest income is the difference between interest income earned on interest-earning assets such as loans and securities and interest expense paid on interest-bearing liabilities such as deposits and borrowed funds. Interest rates are highly sensitive to many factors that are beyond Frontier s control, including but not limited to; general economic conditions and policies of various governmental and regulatory agencies and, in particular, the Federal Reserve. Changes in monetary policy, including changes in interest rates, could influence not only the amount of interest Frontier receives on loans and securities and the amount of interest Frontier pay on deposits and borrowings, but such changes could also affect the company s ability to originate loans and obtain deposits as well as the fair value of its financial assets and liabilities. If the interest Frontier pays on deposits and other borrowings increases at a faster rate than the interest it receives on loans and other investments, Frontier s net interest income, and therefore earnings, could be adversely effected. Earnings could also be adversely affected if the interest Frontier receives on loans and other investments fall more quickly than the interest it pays on deposits and other borrowings.

Concern of customers over the safety of their deposits may cause a decrease in deposits.

With recent increased concerns about bank failures, customers increasingly are concerned about the safety of their deposits and the extent to which their deposits are insured by the FDIC. Customers may not believe Frontier is a safe place to keep their deposit accounts and they may remove their deposit accounts. Additionally, customers may withdraw deposits from Frontier Bank in an effort to ensure that the amount they have on deposit at Frontier Bank is

fully insured. Decreases in deposits may adversely affect Frontier s funding costs, liquidity and net income. In addition, if the FDIC reduces the limit on FDIC coverage to $100,000 per account after December 31, 2013, customers may become increasingly more concerned about the safety of their deposits.

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Liquidity risk could impair Frontier s ability to fund operations and jeopardize the company s financial condition.

Liquidity is essential to Frontier s business. An inability to raise funds through deposits, borrowings, the sale of loans and other sources could have a substantial negative effect on Frontier s liquidity. Frontier s access to funding sources in amounts adequate to finance the company s activities or the terms of which are acceptable to the company could be impaired by factors that affect us specifically, including our existing regulatory agreements, or the financial services industry in general. Factors that could detrimentally impact Frontier s access to liquidity sources include a decrease in the level of the company s business activity as a result of weak economic conditions in the western Washington and Oregon markets in which Frontier s loans are concentrated or additional adverse regulatory action against the company. Frontier s ability to borrow could also be impaired by factors that are not specific to Frontier, such as a disruption in the financial markets or negative views and expectations about the prospects for the financial services industry in light of the turmoil currently faced by financial institutions and the continued deterioration in credit markets and the economy. Additional information regarding liquidity risk is included in Information About Frontier Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity Resources.

Strong competition within its market areas may limit Frontier s growth and adversely affect the company s operating results.

The banking and financial services industry is highly competitive. Frontier competes in its market areas with commercial banks, savings institutions, mortgage brokerage firms, credit unions, finance companies, mutual funds, insurance companies, and brokerage and investment banking firms operating locally and elsewhere. Some of these competitors have substantially greater resources and lending limits than Frontier, have greater name recognition and market presence that benefit them in attracting business and deposits, and offer certain services that Frontier does not or cannot provide. In addition, larger competitors may be able to price loans and deposits more aggressively than Frontier. Frontier s results of operations depend upon the company s continued ability to successfully compete in its market area. The greater resources and deposit and loan products offered by some of Frontier s competitors may limit the company s ability to increase or maintain its interest earning assets.

Frontier will be required to pay significantly higher FDIC premiums in the future.

Recent insured institution failures, as well as deterioration in banking and economic conditions, have significantly increased FDIC loss provisions, resulting in a decline in the designated reserve ratio to historical lows. The FDIC expects a higher rate of insured institution failures in the next few years compared to recent years; thus, the reserve ratio may continue to decline. In addition, the FDIC temporarily increased the limit on FDIC coverage to $250,000 through December 31, 2013. These developments will cause the premiums assessed to us by the FDIC to increase. Under the final rule adopted December 16, 2008, Frontier Bank s assessment rate will increase from 5 to 7 basis points per $100 of deposits to approximately 31 to 38 basis points in 2009. The increased deposit insurance premiums are expected to result in a significant increase in our non-interest expense, which will have a material impact on our results of operations beginning in 2009.

Frontier continually encounters technological change.

The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology-driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve customers and to reduce costs. Frontier s future success depends, in part, upon the company s ability to address the needs of its customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in the company s operations. Many of Frontier s competitors have substantially greater resources to invest in technological improvements. Frontier may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and

services to the company s customers. Failure to successfully keep pace with technological change affecting the financial services industry could have a material adverse effect on Frontier s financial condition and results of operations.

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Frontier is exposed to risk of environmental liabilities with respect to properties to which it takes title.

Approximately 85.4% of Frontier s outstanding loan portfolio at June 30, 2009 was secured by real estate. In the course of its business, Frontier may foreclose and take title to real estate, and could be subject to environmental liabilities with respect to these properties. Frontier may be held liable to a governmental entity or to third-parties for property damage, personal injury, investigation and clean-up costs incurred by these parties in connection with environmental contamination, or may be required to investigate or clean up hazardous or toxic substances, or chemical releases at a property. The costs associated with investigation or remediation activities could be substantial. In addition, if Frontier is the owner or former owner of a contaminated site, the company may be subject to common law claims by third-parties based on damages and costs resulting from environmental contamination emanating from the property. If Frontier ever becomes subject to significant environmental liabilities, the company s business, financial condition, liquidity and results of operations could be materially and adversely affected.

Frontier depends on key personnel for success.

Frontier s operating results and ability to adequately manage its growth and minimize loan and lease losses are highly dependent on the services, managerial abilities and performance of Frontier s current executive officers and other key personnel. Frontier has an experienced management team that the Board of Directors believes is capable of managing and growing Frontier s operations. However, losses of or changes in Frontier s current executive officers or other key personnel and their responsibilities may disrupt Frontier s business and could adversely affect financial condition, results of operations and liquidity. Frontier may not be successful in retaining its current executive officers or other key personnel.

The merger agreement limits Frontier s ability to pursue other transactions and provides for payment of termination fees if it does.

While the merger agreement is in effect and subject to very narrow exceptions, Frontier and its directors, officers and agents are prohibited from initiating or encouraging inquiries with respect to alternative acquisition proposals. The prohibition limits Frontier s ability to seek offers from other possible acquirers which may be superior from a financial point of view, or otherwise more desirable. If Frontier receives an unsolicited proposal from a third party that is superior from a financial point of view to that made by SPAH and the merger agreement is terminated, Frontier would be required to pay a $2.5 million termination fee in most circumstances. This fee makes it less likely that a third party would make an alternative acquisition proposal.

If the merger is not approved by shareholders or regulators or is terminated for some other reason, Frontier may experience adverse consequences.

Frontier s management has expended substantial time and effort in negotiating the merger agreement and the related arrangements connected with the transaction described in this joint proxy statement/prospectus. Additionally, Frontier has, at significant expense, engaged numerous outside consultants for the specific purpose of evaluating and negotiating this transaction. Moreover, the Frontier Board has agreed to certain arrangements intended to avert any unsolicited attempt to gain control of Frontier during the pendency of this transaction, including certain breakup fees and expense reimbursements. Additionally, the merger reflects a substantial aspect of management s strategic planning for Frontier s future. Were the merger not to be consummated, Frontier would be forced to make substantial adjustments in its strategic plans, which would require additional management time and effort and which might not be successful. Therefore, if the merger is not consummated, Frontier may experience adverse impacts on its strategic direction and its operating capabilities, and these impacts may be material. Finally, the termination or abandonment of the merger would likely have an adverse impact upon investors views as to the attractiveness of Frontier s common stock and customers views of Frontier s safety and soundness, which would likely result in a reduced market price for

Frontier s common stock and a reduction in Frontier s future business prospects, and such reductions may be material.

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Directors and officers of Frontier have interests in the merger that are in addition to or different than the interests of other shareholders.

When considering the recommendation of the Frontier Board, you should be aware that some executive officers and directors of Frontier have interests in the merger that are somewhat different from your interests. For example, certain officers and directors of Frontier have change of control agreements which will be assumed by SPAH, and certain officers and directors of Frontier will receive a portion of the merger consideration for their shares of Frontier stock. In addition, all of the executive management team of Frontier will continue to be employed with similar title, role and responsibilities. Four board members from the current Frontier Board and Frontier Bank Board will be invited to become members of the new SPAH Board and Frontier Bank Board, respectively, following the consummation of the merger. These arrangements may create potential conflicts of interest and may cause some of these persons to view the proposed transaction differently than you view it, as a shareholder. See The Merger and the Merger Agreement Certain Benefits of Directors and Officers of Frontier .

Risks Related to the Merger

To implement its operating strategy following the merger, SPAH must successfully identify opportunities for expansion and successfully integrate its new strategic initiatives into Frontier s existing operating platform.

Following the merger, SPAH intends to further implement an operating strategy that results in a more diversified earning asset portfolio, lower cost funding base and expansion of noninterest income channels. This strategy will be driven largely by focused efforts in business and retail banking within our existing footprint. This strategy will require the development of new products and services. This strategy will also require that Frontier penetrate customer segments that have not historically been a focus for the company. If following the merger, SPAH is unable to generate products and services that are attractive to its target customers or successfully deliver those products and services to customers, an important component of its strategy may be lost. Additionally, it is anticipated that SPAH will have substantial capital resources after the merger. SPAH may not be able to produce sufficient organic growth to profitably leverage the pro forma capital resources. As part of its operating strategy SPAH intends to use its capital resources to consider expansion and acquisition opportunities. Any future expansion or acquisition efforts may entail substantial costs and may not produce the revenue, earnings or synergies that SPAH had anticipated. Any future expansion or acquisitions that SPAH undertakes will involve operational risks and uncertainties. Acquired companies may have unforeseen liabilities, exposure to asset quality problems, key employee and customer retention problems and other problems that could negatively affect SPAH.

The operations of Frontier may still be restricted by the FDIC Order and the FRB Written Agreement after Frontier and Frontier Bank are integrated with SPAH.

On March 20, 2009, Frontier Bank entered into the FDIC Order with the FDIC and the Washington DFI. The regulators alleged that Frontier Bank had engaged in unsafe or unsound banking practices by operating with inadequate management and board supervision; engaging in unsatisfactory lending and collection practices; operating with inadequate capital in relation to the kind and quality of assets held at Frontier Bank; operating with an inadequate loan valuation reserve; operating with a large volume of poor quality loans; operating in such a manner as to produce low earnings and operating with inadequate provisions for liquidity. By consenting to the FDIC Order, Frontier Bank neither admitted nor denied the alleged charges.

Under the terms of the FDIC Order, Frontier Bank cannot declare dividends or pay any management, consulting or other fees or funds to Frontier, without the prior written approval of the FDIC and the Washington DFI. Other material provisions of the FDIC Order require Frontier Bank to: (1) review the qualifications of Frontier Bank s management, (2) provide the FDIC with 30 days written notice prior to adding any individual to the Frontier Bank Board or

employing any individual as a senior executive officer, (3) increase director participation and supervision of Frontier Bank affairs, (4) improve Frontier Bank s lending and collection policies and procedures, particularly with respect to the origination and monitoring of real estate construction and land development loans, (5) develop a capital plan and increase Tier 1 leverage capital to 10% of Frontier Bank s total assets by July 29, 2009, and maintain that capital level, in addition to maintaining a fully funded allowance for loan losses satisfactory to the regulators, (6) implement a comprehensive policy for determining the adequacy of the allowance for loan

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losses and limiting concentrations in commercial real estate and acquisition, development and construction loans, (7) formulate a written plan to reduce Frontier Bank s risk exposure to adversely classified loans and nonperforming assets, (8) refrain from extending additional credit with respect to loans charged-off or classified as loss and uncollected, (9) refrain from extending additional credit with respect to other adversely classified loans without collecting all past due interest, without the prior approval of a majority of the directors on the Frontier Bank Board or its loan committee, (10) develop a plan to control overhead and other expenses to restore profitability, (11) implement a liquidity and funds management policy to reduce Frontier Bank s reliance on brokered deposits and other non-core funding sources, and (12) prepare and submit progress reports to the FDIC and the Washington DFI. The FDIC Order will remain in effect until modified or terminated by the FDIC and the Washington DFI.

In addition, on July 2, 2009, Frontier entered into a written agreement with the FRB. Under the terms of the FRB Written Agreement, Frontier has agreed to: (i) refrain from declaring or paying any dividends without prior written consent of the FRB; (ii) refrain from taking dividends or any other form of payment that represents a reduction in capital from Frontier Bank without prior written consent of the FRB; (iii) refrain from making any distributions of interest or principal on subordinated debentures or trust preferred securities without prior written consent of the FRB; (iv) refrain from incurring, increasing or guaranteeing any debt without prior written consent of the FRB; (v) refrain from purchasing or redeeming any shares of its stock without prior written consent of the FRB; (vi) implement a capital plan and maintain sufficient capital; (vii) comply with notice and approval requirements established by the FRB relating to the appointment of directors and senior executive officers as well as any change in the responsibility of any current senior executive officer; (viii) not pay or agree to pay any indemnification and severance payments except under certain circumstances, and with the prior approval of the FRB; and (ix) provide quarterly progress reports to the FRB.

The Frontier Bank Board also entered into the Memorandum of Understanding with the FDIC dated August 20, 2008 relating to the correction of certain violation of applicable consumer protection and fair lending laws and regulations, principally including the failure to provide certain notices to consumers pursuant to the Flood Disaster Protection Act of 1973, and certain violations of the Truth in Lending Act and Regulation Z.

The Memorandum of Understanding requires the Frontier Bank Board to (i) correct all violations found and implement procedures to prevent their recurrence; (ii) increase oversight of the Frontier Bank Board s compliance function, including monthly reports from Frontier Bank s compliance officer to the Frontier Bank Board detailing actions taken to comply with the Memorandum of Understanding; (iii) review its compliance policies and procedures and develop and implement detailed operating procedures and controls, where necessary, to ensure compliance with all consumer protection laws and regulations; (iv) establish monitoring procedures to ensure compliance with all consumer protection laws and regulations (including flood insurance), including the documentation and reporting of all exceptions to the Frontier Bank Board and its audit committee; (v) review, expand and improve the quality of such compliance with the frequency of compliance audits to be reviewed and approved annually by the Frontier Bank Board or audit committee, with a goal of auditing compliance at least annually; (vi) ensure that Frontier Bank s compliance management function has adequate staff, resources, training and authority for the size and structure of Frontier Bank; (vii) establish flood insurance monitoring procedures to ensure loans are not closed without flood insurance and prior notices to customers required by law, that lapses of flood insurance do not occur, and to develop methods to ensure that adequate amounts of flood insurance are provided, with Frontier Bank agreeing to force place flood insurance when necessary; (viii) provide additional training for all Frontier Bank personnel, including the Frontier Bank Board and audit and compliance staff for applicable laws and regulations; and (ix) furnish quarterly progress reports to the Regional Director of the FDIC detailing the actions taken to secure compliance with the Memorandum of Understanding until the Regional Director has released the institution, in writing, from submitting further reports. Frontier Bank was assessed civil monetary penalties of $48,895 for flood insurance violations and required to pay $10,974 in restitution to customers for certain violations of the Truth in Lending Act and Regulation Z.

The consummation of the merger is conditioned upon the modification of the (i) FDIC Order, (ii) the FRB Written Agreement, and (iii) the Memorandum of Understanding, in a manner reasonably acceptable to SPAH, including by the elimination of certain provisions and consequences related thereto. Frontier has been actively engaged in responding to the concerns raised in the FDIC Order. With the consummation of the merger, Frontier believes it can increase its Tier 1 capital to compliance levels.

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If the FDIC Order and FRB Written Agreement are not appropriately modified or dismissed, the FDIC Order and the FRB Written Agreement will continue to restrict the payment of dividends by Frontier Bank and restrict the business activities of Frontier Bank as discussed above. The occurrence of either of these events could adversely impact the future value of SPAH common stock and warrants.

The consummation of the merger does not provide for the introduction of a new management team or new members on the SPAH Board or the Frontier Bank Board post-merger with experience in the banking industry or with troubled banks.

Immediately following the consummation of the merger, Frontier s business will continue to be operated by Frontier s existing senior management team, and four of the five directors to serve on each of the SPAH Board and Frontier Bank Board post- merger will consist of existing directors on the current Frontier Board and the Frontier Bank Board. While a former independent director, Patrick M. Fahey, was recently appointed President and Chief Executive Officer of Frontier in December 2008, the merger does not include a new management team. In addition, it is anticipated that Mr. Lichtenstein will become Chairman of the Board of the SPAH Board and John McNamara will become Chairman of the Board of Frontier Bank, post-merger. Although Messrs. Lichtenstein and McNamara have significant investment, restructuring and board experience with public companies, neither have significant long-term experience in the banking industry or with troubled banks. The lack of new senior management and directors with significant long-term experience in the banking industry or with troubled banks, could make it more difficult for SPAH to comply with certain regulatory actions or successfully develop and implement its new business strategies and initiatives.

SPAH s working capital could be reduced if SPAH stockholders exercise their right to convert their shares into cash equal to a pro rata portion of the SPAH trust account.

Pursuant to the SPAH Certificate of Incorporation, holders of shares issued in SPAH s initial public offering may vote against the merger and demand that SPAH convert their shares into cash equal to a pro rata portion of the SPAH trust account. Under the SPAH Certificate of Incorporation, SPAH will not consummate the merger if holders of 30% or more of the shares of common stock issued in its initial public offering exercise these conversion rights. If Proposal No. 2 is approved and adopted, it is a condition to closing the merger agreement that holders of no more than 10% of the shares (minus one share) sold in SPAH s initial public offering vote against the merger and exercise their conversion rights, although at SPAH s discretion, this closing condition may be waived in order to consummate the merger. Accordingly, SPAH may not consummate the merger if 10% or more of the holders of shares sold in or subsequent to SPAH s initial public offering elect to exercise their conversion rights. If SPAH elects to waive this closing condition, it may raise the conversion threshold to anywhere between 10% to 30% (minus one share). SPAH does not believe it will raise the conversion threshold and currently intends only to raise the conversion threshold if it believes that the combined entity will have sufficient Tier 1 capital to return to compliance levels. To the extent the merger is consummated and holders of less than 10% of the common stock issued in SPAH s initial public offering have demanded to convert their shares, working capital available to SPAH following the merger will be reduced by the amount paid out of the trust to stockholders exercising their conversion rights.

Additionally, if holders demand to convert their shares, there may be a corresponding reduction in the value of each share of common stock of SPAH. As of September 17, 2009, assuming Proposal No. 2 and the merger proposal are adopted, the maximum amount of funds that could be disbursed to the SPAH public stockholders upon the exercise of the conversion rights would be approximately $42,640,256, or approximately 10% of the funds currently held in trust as of the record date for the SPAH special meeting.

SPAH has lowered the percentage of shares that can exercise conversion rights below the level a typical blank check company with a similar business plan as ours would permit.

SPAH has made it a condition to closing the merger agreement that holders of no more than 10% of the shares (minus one share) sold in SPAH s initial public offering vote against the merger and exercise their conversion rights even though the SPAH Certificate of Incorporation in its current form, provides that our initial business combination may only be consummated if SPAH public stockholders owning up to 30% of the shares sold in this offering (minus one share) exercise their conversion rights. SPAH is requesting its stockholders to approve Proposal No. 2 to provide

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for this lower threshold. Most blank check companies with similar business plans as ours are structured so that their initial business combination may be consummated if public stockholders owning up to 20% of the shares sold in their initial public offering (minus one share) exercise their conversion rights. SPAH s decreased conversion threshold may prevent the merger from being approved which would otherwise have been approved if SPAH kept its original 30% (minus one share) conversion threshold as stated in the SPAH Certificate of Incorporation and the prospectus for SPAH s initial public offering. As a result, it is less likely that SPAH will be able to consummate the proposed merger, although at SPAH s discretion, this closing condition may be waived in order to consummate the merger. If SPAH elects to waive this closing condition, it may raise the conversion threshold to anywhere between 10% to 30% (minus one share). SPAH does not believe it will raise the conversion threshold and currently intends only to raise the conversion threshold if it believes that the combined entity will have sufficient Tier 1 capital to return to compliance levels.

The amount of capital in the trust account may be insufficient to satisfy banking regulatory concerns or allow Frontier to return to profitability.

Frontier and its subsidiary, Frontier Bank, are subject to various regulatory capital requirements administered by federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a material effect on Frontier s financial statements and the financial statements of the combined entity upon consummation of the merger. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, Frontier must meet specific capital guidelines that involve quantitative measures of assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. Upon consummation of the merger, the combined company will be subject to these same regulatory capital requirements.

Regardless of how few SPAH public stockholders may elect to convert their shares into a pro rata portion of the trust account, there is no certainty that the combined company or Frontier Bank will have sufficient capital to satisfy various regulatory capital requirements administered by federal and state banking agencies or to return to profitability.

SPAH s existing stockholders will incur immediate dilution of their ownership and voting interests upon completion of the merger.

SPAH s existing stockholders ownership would be diluted from 100% to as little 94.5% or as much as 96.1% after the merger, based on the number of shares of SPAH and Frontier issued and outstanding as of the date of the merger agreement and after reflecting the co-investment. This dilution may adversely affect the then-prevailing market price for SPAH s common stock. The percentage of SPAH s common stock (whether voting or non-voting) that existing SPAH stockholders will own after the merger and the co-investment is completed will depend on whether (i) Frontier shareholders exercise dissenters rights, (ii) SPAH public stockholder exercise conversion rights, and (iii) any of SPAH s 66,624,000 warrants are exercised (after reflecting the co-investment and merger).

In addition to the foregoing, the percentage of SPAH s voting common stock that existing SPAH stockholders will own after the merger and co-investment will depend on whether (i) any SPAH stockholder converts its voting common stock into Non-Voting Common Stock, and (ii) any SPAH warrantholder elects to receive shares of Non-Voting Common Stock in lieu of voting common stock upon exercise of their warrants. SP Acq LLC and the Steel Trust have agreed to receive Non-Voting Common Stock as necessary in order to maintain an ownership level of voting common stock below 5% of the total outstanding shares of voting. As a result, SPAH stockholders will hold from 94.3% to 95.3% of SPAH s voting interests depending on whether any Frontier shareholder exercises dissenters rights, any of SPAH s warrants are exercised and whether any SPAH public stockholders exercise their conversion rights. As a result, existing SPAH stockholders voting interests may be further increased or decreased accordingly in

order for SP Acq LLC and the Steel Trust to maintain an ownership level of voting common stock below 5% of the total outstanding shares of voting common stock.

Also, after the merger, SPAH may issue additional shares of common or preferred stock, including through convertible debt securities, in subsequent public offerings or private placements to acquire new assets or for other

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purposes. SPAH is not required to offer any such shares to existing stockholders on a preemptive basis. Therefore, it may not be possible for existing SPAH stockholders to participate in such future share issuances, which may dilute the existing stockholders interests in SPAH. Moreover, the merger agreement contains certain agreements of the parties with respect to various employee matters, including an agreement by SPAH to adopt stock option or other equity plans for officers and employees of Frontier as the SPAH Board of the combined company deems appropriate.

For a table outlining the effect of the various scenarios on the percentage of SPAH s common stock and voting interests that existing SPAH stockholders will own after the merger with Frontier is completed, see The Merger and the Merger Agreement Stock Ownership of Existing SPAH and Frontier Stockholders After the Merger.

A substantial number of SPAH s shares and warrants will be issued in the merger and will be eligible for future resale in the public market after the merger, which could have an adverse effect on the market price of those shares and warrant.

If the merger is consummated, up to 2,512,000 shares of SPAH common stock will be issued to the former shareholders of Frontier common stock and 3,000,000 shares will be issued to the Steel Trust in the co-investment. In addition, outstanding warrants to purchase an aggregate of 66,624,000 shares of SPAH common stock (after adjusting for the granting of 2,512,000 warrants to Frontier shareholders in connection with the merger and 3,000,000 warrants in connection with the co-investment) will be exercisable at $11.50 per share on the date of the completion of the merger (if the warrant amendment proposal is approved by SPAH warrantholders as described elsewhere in this joint proxy statement/prospectus) and the initial founder s warrants to purchase an additional 10,322,400 shares and the co-investment warrants to purchase an additional 3,000,000 shares will be exercisable following a one year lock-up period, all as described under Description of Securities of SPAH. Thus, if the merger is consummated, SPAH will have approximately 50,170,588 shares of common stock outstanding (after adjusting for the co-investment and the forfeiture of the 9,453,412 shares by SP Acq LLC and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker) and outstanding warrants to purchase 66,624,000 shares of common stock (after adjusting for the co-investment) will be exercisable. This number of shares of SPAH common stock was determined by adding the product of the exchange ratio of 0.0530 and 47,385,007, which is the maximum number of shares of Frontier common stock that may be outstanding prior to the effective time of the merger (including 253,154 shares of restricted stock which will vest upon consummation of the merger), to 54,112,000 and 3,000,000, the number of shares of SPAH common stock outstanding on SPAH s record date and the number of shares that will be issued to the Steel Trust in the co-investment, respectively, minus the forfeiture of 9,453,412 founder s shares by SP Acq LLC and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker immediately following the consummation of the merger. The number of warrants was determined by adding the product of the exchange ratio of 0.0530 and 47,385,007, which is the maximum number of shares of Frontier common stock that may be outstanding prior to the effective time of the merger (including 253,154 shares of restricted stock which will vest upon consummation of the merger), to 61,112,000 and 3,000,000, the number of warrants outstanding on SPAH s record date and the number of warrants that will be issued to the Steel Trust in the co-investment, respectively. Consequently, after completion of the merger, a substantial number of additional shares of SPAH common stock will be eligible for resale in the public market and a substantial number of warrants will be exercisable into shares of common stock which may be ultimately resold in the public market. As long as warrants remain outstanding, there will be a drag on any increase in the price of SPAH s common stock in excess of $11.50 per share. To the extent such warrants are exercised, additional shares of SPAH common stock will be issued, which would dilute the ownership of existing stockholders. Sales of substantial numbers of such shares in the public market could adversely affect the market price of such shares and of the warrants.

If the New Class Proposal and warrant amendment proposal are approved by SPAH stockholders and warrantholders, respectively, stockholders of voting common stock and warrantholders who wish to exercise their warrants for voting common stock may become subject to regulation as a bank holding company or be required to receive Non-Voting Common Stock.

If the New Class Proposal and warrant amendment proposal are approved by SPAH stockholders and warrantholders at the special meetings, stockholders of 10% (minus one share) or more of SPAH s voting common

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stock and warrantholders who wish to exercise their warrants for 10% (minus one share) or more of voting common stock may be subject to regulation as a bank holding company under the BHC Act or be required to receive Non-Voting Common Stock. Under the BHC Act, a company that directly or indirectly owns, controls or has the power to vote 25% or more of a class of voting stock of a bank or a bank holding company is a bank holding company for purposes of the BHC Act and is subject to regulation as a bank holding company as described in the section entitled Regulation and Supervision Federal Bank Holding Company Regulation. In addition, a company that directly or indirectly owns, controls or has the power to vote 10% or more, but less than 25%, of a class of voting stock of a bank or a bank holding company may be presumed to control the bank and/or bank holding company. If the presumption of control is not rebutted, the company is subject to the regulation as a bank holding company as described in the section entitled Regulation and Supervision Federal Bank Holding Company Regulation. The presumption of control may be rebutted by entering into a passivity agreement with the Federal Reserve, which contains specific terms to limit the ability to control the management and policies of the bank and/or bank holding company. A company that owns, controls or has the power to vote 10% or more, but less than 25%, of a class of voting stock of a bank or a bank holding company and that enters into a passivity agreement generally is not subject to regulation as a bank holding company. A company that directly or indirectly owns, controls or has the power to vote less than 10% of any class of voting stock of a bank or a bank holding company generally is not subject to regulation as a bank holding company. Since SPAH s initial public offering prospectus did not disclose that SPAH would seek approval of the New Class Proposal or warrant amendment proposal to provide for the issuance of Non-Voting Common Stock, each SPAH stockholder or warrantholder at the time of the merger that purchased shares or warrants in, or subsequent to, SPAH s initial public offering up to and until the record date, may have securities law claims against SPAH for rescission or damages. See The Merger and the Merger Agreement Rescission Rights for additional information.

A stockholder may make a securities law claim against SPAH for taking actions inconsistent with its initial public offering prospectus.

Stockholders who purchased shares in SPAH s initial public offering or afterwards up to and until the record date, may have securities law claims against SPAH for rescission (under which a successful claimant has the right to receive the total amount paid for his or her securities pursuant to an allegedly deficient prospectus, plus interest and less any income earned on the securities, in exchange for surrender of the securities) or damages (compensation for loss on an investment caused by alleged material misrepresentations or omissions in the sale of a security) on the basis of, for example, SPAH s initial public offering prospectus not disclosing that (i) SPAH may seek to amend the SPAH Certificate of Incorporation prior to the consummation of a business combination to amend the definition of initial business combination to eliminate the requirement that the fair market value of the target business equal at least 80% of the balance of SPAH s trust account (excluding underwriting discounts and commissions) plus the proceeds of the co-investment, (ii) SPAH may seek to amend the SPAH Certificate of Incorporation prior to the consummation of a business combination to provide that holders of no more than 10% of the shares (minus one share) sold in SPAH s initial public offering vote against the merger and exercise their conversion rights when the threshold in the current form of the SPAH Certificate of Incorporation requires no more than 30% (minus one share), (iii) SPAH may seek to amend the Warrant Agreement upon consummation of the merger to eliminate the requirement that the initial founder s warrants owned by certain SPAH insiders become exercisable only after the consummation of an initial business combination if and when the last sales price of SPAH common stock exceeds $14.25 per share for any 20 trading days within a 30 trading day period beginning 90 days after such business combination, (iv) that SPAH may seek to amend the terms of the Warrant Agreement to increase the exercise price and extend the exercise period, among other things, upon consummation of the merger, and (v) that a party other than SP II or SP Acq LLC may purchase the co-investment units.

Such claims may entitle stockholders asserting them to up to $10.00 per share, based on the initial offering price of the units sold in SPAH s initial public offering, each comprised of one share of common stock and a warrant to purchase

an additional share of common stock, less any amount received from the sale or fair market value of the original warrants purchased as part of the units, plus interest from the date of SPAH s initial public offering. In the case of SPAH public stockholders, this amount may be more than the pro rata share of the trust account to which they are entitled upon exercise of their conversion rights or liquidation of SPAH.

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The proposed amendments to the Warrant Agreement may be deemed to constitute the issuance of new warrants.

The proposed amendments to the Warrant Agreement may be deemed to constitute a material change in the rights of warrantholders and may be deemed to be the functional equivalent to the issuance of new warrants under Rule 145 of the Securities Act, which would require the registration of the amended warrants. Although SPAH does not believe the proposed amendments will result in a material change in the rights of warrantholders , no assurance can be given that the SEC will not take action against SPAH for failing to register the amended warrants. In addition, stockholders and/or warrantholders who purchased shares and/or warrants in SPAH s initial public offering or afterwards up to and until the record date, may have securities law claims against SPAH for rescission (under which a successful claimant has the right to receive the total amount paid for his or her securities pursuant to an allegedly deficient prospectus, plus interest and less any income earned on the securities, in exchange for surrender of the securities) or damages (compensation for loss on an investment caused by alleged material misrepresentations or omissions in the sale of a security) on the basis of, for example, SPAH s initial public offering prospectus not disclosing that SPAH may seek to amend certain terms of the Warrant Agreement, including to increase the exercise price and amend the exercise period of the warrants, among other things.

The SPAH Certificate of Incorporation purports to prohibit amendments to certain of its provisions, including the proposed Initial Charter Amendments, without the unanimous consent of the holders of all of SPAH s outstanding shares of common stock, which could be upheld by a court under Delaware law.

The SPAH Certificate of Incorporation purports to prohibit amendments to certain of its provisions, including the proposed Initial Charter Amendments, without the unanimous consent of the holders of all of SPAH s outstanding shares of common stock. SPAH believes, and has received an opinion from its special Delaware counsel that while the matter has not been settled as a matter of Delaware law and, accordingly, is not entirely free from doubt, the Initial Charter Amendments, if duly approved by a majority of the shares of SPAH s outstanding common stock entitled to vote at the special meeting, will be valid under Delaware law. However, no assurance can be given that a court will not uphold the provision of the law which would require unanimous consent to adopt the Initial Charter Amendments.

In addition, because the SPAH Certificate of Incorporation in its current form requires unanimous consent to approve the Initial Charter Amendments, if the Initial Charter Amendments are approved with less than unanimous consent and the merger is approved and consummated thereafter, each SPAH public stockholder at the time of the merger who purchased his or her shares in the initial public offering or afterwards up to and until the record date, may have securities law claims against SPAH for rescission (under which a successful claimant has the right to receive the total amount paid for his or her securities pursuant to an allegedly deficient prospectus, plus interest and less any income earned on the securities, in exchange for surrender of the securities) or damages (compensation for loss on an investment caused by alleged material misrepresentations or omissions in the sale of a security). Such claims may entitle stockholders asserting them to up to $10.00 per share, based on the initial offering price of the units sold in SPAH s initial public offering, each comprised of one share of common stock and a warrant to purchase an additional share of common stock, less any amount received from the sale or fair market value of the original warrants purchased as part of the units, plus interest from the date of SPAH s initial public offering. In the case of SPAH public stockholders, this amount may be more than the pro rata share of the trust account to which they are entitled upon exercise of their conversion rights or liquidation of SPAH. Neither SPAH nor Frontier can predict whether stockholders will bring such claims or whether such claims would be successful.

Concentration of ownership of SPAH common stock after the merger could delay or prevent a change of control.

Following the consummation of the merger, the SPAH insiders will beneficially own approximately 4,368,988 shares of SPAH common stock (after giving effect to the forfeiture of 9,453,412 founder s shares by SP Acq LLC and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker and the co-investment) and will have, through the exercise of

warrants, the right to acquire 20,822,400 additional shares of common stock (after giving effect to the co-investment), under certain circumstances. As a result, these stockholders, if acting together, have the ability to significantly influence the outcome of corporate actions requiring stockholder approval. The

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concentration of ownership among the SPAH insiders may have the effect of delaying or preventing a change in control in SPAH following the merger even if such a change in control would be in the SPAH public stockholders interest.

Completion of the merger is subject to a number of conditions.

The obligations of SPAH and Frontier to consummate the merger are subject to the satisfaction or waiver of specified conditions set forth in the merger agreement. Such conditions include, but are not limited to, the adoption of the Initial Charter Amendment, the adoption of the merger agreement by SPAH and Frontier stockholders, the adoption of the warrant amendment proposal by SPAH warrantholders, the approval of SPAH s application to become a bank holding company, and receipt of all required regulatory approvals, including the approval of the Federal Reserve and Washington DFI. It is possible some or all of these conditions will not be satisfied or waived by SPAH or Frontier, as the case may be, and therefore, the merger may not be consummated. See The Merger and the Merger Agreement The Merger Agreement Conditions to the Closing of the Merger. In the event the merger is not consummated, SPAH will seek to effectuate an alternative business combination. However, if SPAH does not complete a business combination by October 10, 2009, it will be forced to liquidate and dissolve.

The fairness opinion obtained by Frontier from Keefe Bruyette will not reflect changes in circumstances prior to the completion of the merger.

Frontier obtained a fairness opinion dated as of July 29, 2009, from Keefe Bruyette in connection with the merger.

Frontier will not obtain an additional or updated fairness opinion prior to completion of the merger. Changes in the operations and prospects of SPAH or Frontier, general market and economic conditions and other factors that may be beyond the control of SPAH and Frontier, on which the fairness opinion was based, may alter the value of SPAH or Frontier or the price of shares of SPAH common stock or Frontier common stock by the time the merger is completed. The fairness opinion by Keefe Bruyette does not speak to any date other than the date of such opinion, and as such, the opinion will not address the fairness of the merger consideration, from a financial point of view, at any date after the date of such opinion, including at the time the merger is completed. For a description of the opinion that Frontier received from Keefe Bruyette, please see The Merger and the Merger Agreement Opinion of Keefe Bruyette.

SPAH s common stock or warrant price could fluctuate and could cause stockholders and warrantholders to lose a significant part of their investment.

Following consummation of the merger, the market price of SPAH s securities may be influenced by many factors, some of which are beyond its control, including those described in other parts of this section and the following:

- fluctuations in its quarterly financial results or the quarterly financial results of companies perceived to be similar to it;
- whether and when the FDIC Order and FRB Written Agreement are ultimately dismissed;
- general economic conditions;
- changes in market valuations of similar companies;
- terrorist acts;
- changes in its capital structure, such as future issuances of securities or the incurrence of additional debt;

future sales of its common stock;

regulatory and legislative developments in the United States, foreign countries or both;

litigation involving SPAH, its subsidiaries or its general industry; and

additions or departures of key personnel at Frontier.

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If the merger s benefits do not meet the expectations of financial or industry analysts, the market price of SPAH common stock may decline.

The market price of SPAH common stock may decline as a result of the merger if:

- SPAH does not achieve the perceived benefits of the merger as rapidly, or to the extent anticipated by, financial or industry analysts; or
- the effect of the merger on SPAH s financial results is not consistent with the expectations of financial or industry analysts.

Accordingly, investors may experience a loss as a result of a decline in the market price of SPAH common stock following the merger. A decline in the market price of SPAH common stock also could adversely affect its ability to issue additional securities and its ability to obtain additional financing in the future.

Approval of the warrant amendment proposal may negatively affect existing SPAH stockholders and SPAH warrantholders.

If the SPAH warrantholders approve the warrant amendment proposal, the exercise price of the warrants will increase from $7.50 per share to $11.50 per share of common stock, which at the increased price will exceed the current and recent market prices of SPAH s common stock. If the market price of SPAH s common stock does not exceed the exercise price of the warrants during the period in which the warrants are exercisable, the warrants may not have any value. By increasing the warrant exercise price to $11.50 per share, it will be more difficult for SPAH warrantholders to exercise the SPAH warrants.

The warrant amendment proposal also eliminates the requirement that the initial founder s warrants owned by the SPAH insiders become exercisable only after the consummation of an initial business combination if and when the last sales price of SPAH common stock exceeds $14.25 per share for any 20 trading days within a 30 trading day period beginning 90 days after such business combination. The elimination of the restrictions on exercisability will make it easier for SPAH insiders to exercise their insider warrants, which could result in the interests of our stockholders being diluted, notwithstanding the higher warrant exercise price discussed above.

Certain current directors and executive officers of SPAH own shares of SPAH common stock and warrants that will be worthless if the merger is not approved. Such interests may have influenced their decision to approve the merger with SPAH.

Following the consummation of the merger, the current directors and executive officers of SPAH will beneficially own approximately 4,368,988 shares of SPAH common stock (after giving effect to the forfeiture of 9,453,412 founder s shares by SP Acq LLC and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker) and have the right to acquire an additional 20,822,400 shares through the exercise of warrants (after giving effect to the co-investment), subject to certain limitations. Such persons are not entitled to receive any of the cash proceeds that may be distributed upon SPAH s liquidation with respect to shares they acquired prior to its initial public offering. Therefore, if the merger is not approved and SPAH does not consummate another business combination by October 10, 2009 and is forced to liquidate, such founder s shares, initial founder s warrants and additional founder s warrants held by such persons will be worthless. As of September 17, 2009, the record date for the special meeting, SPAH s current directors and executive officers beneficially held $106,167,744 in common stock (based on a market price of $9.81) and $6,772,512 in warrants (based on a market price of $0.38). These financial interests of SPAH s current directors and executive officers may have influenced their decision to approve the merger and to continue to pursue the merger. See

The Merger and the Merger Agreement Interests of SPAH s Directors and Officers and Others in the Merger.

The exercise of SPAH s directors and officers discretion in agreeing to changes or waivers in the terms of the merger may result in a conflict of interest when determining whether such changes to the terms of the merger or waivers of conditions are appropriate and in SPAH s stockholders best interest.

In the period leading up to the closing of the merger, events may occur that, pursuant to the merger agreement, would cause SPAH to agree to amend the merger agreement, to consent to certain actions taken by Frontier or to

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waive rights that SPAH is entitled to under the merger agreement. Such events could arise because of a request by Frontier to undertake actions that would otherwise be prohibited by the terms of the merger agreement or the occurrence of other events that would have a material adverse effect on Frontier s business and would entitle SPAH to terminate the merger agreement. In any of such circumstances, it would be discretionary on SPAH, acting through its board of directors, to grant its consent or waive its rights. The existence of the financial and personal interests of the directors described in the preceding risk factor may result in a conflict of interest on the part of one or more of the directors between what he may believe is best for SPAH and what he may believe is best for himself in determining whether or not to take the requested action. As of the date of this joint proxy statement/prospectus, SPAH does not believe there will be any changes or waivers that its directors and officers would be likely to make after stockholder approval of the merger proposal has been obtained. Although certain changes could be made without further stockholder approval, to the extent that SPAH has determined that a change to a term to the transaction may have a material effect on stockholders, SPAH will circulate a new or amended joint proxy statement/prospectus and resolicit its stockholders prior to the stockholder vote on the merger proposal.

SPAH officers and directors and others interests in obtaining reimbursement for any out-of-pocket expenses incurred by them may have led to a conflict of interest in determining whether the merger was an appropriate initial business combination and in the public stockholders best interest.

Unless SPAH consummates the merger or another initial business combination, its officers and directors and affiliates of SP Acq LLC and their employees will not receive reimbursement for any out-of-pocket expenses incurred by them to the extent that such expenses exceed the amount of available proceeds not deposited in the trust account and the amount of interest income from the trust account up to a maximum of $3.5 million that may be released to SPAH as working capital. As of September 17, 2009, the estimated out-of-pocket expenses incurred by SPAH s officers and directors and affiliates of SP Acq LLC and their employees is minimal. While SPAH has not finalized how much fees and expenses it will incur relating to the investigation, structuring and negotiating the transaction, it is unlikely that such fees and expenses would exceed cash and cash equivalents on hand, which was approximately $1.59 million, as of June 30, 2009, in which event if a transaction is not consummated, SPAH believes it will be able to negotiate with its third party vendors to ensure that the amount of such fees and expenses will ultimately not exceed its cash and cash equivalents. These amounts are based on management s estimates of the funds needed to finance SPAH s operations until the consummation of the merger or another initial business combination and to pay expenses in identifying and consummating such transaction. Those estimates may prove to be inaccurate, especially if a portion of the available proceeds is used to make a down payment in connection with an initial business combination or pay exclusivity or similar fees or if SPAH expends a significant portion in pursuit of the merger or another initial business combination that is not consummated. SPAH s officers and directors may, as part of any business combination, negotiate the repayment of some or all of any such expenses. If the target business s owners do not agree to such repayment, this could cause management to view such potential business combination unfavorably, thereby resulting in a conflict of interest. The financial interest of SPAH officers and directors and SP Acq LLC could influence SPAH s officers and directors motivation in selecting a target business and therefore there may be a conflict of interest when determining whether a particular business combination is in SPAH stockholders best interest. In addition, the proceeds SPAH will receive from the co-investment (as well as the proceeds of the initial public offering not being placed in the trust account or the income interest earned on the trust account balance) may be used to repay the expenses for which SPAH s directors may negotiate repayment as part of its initial business combination.

If SPAH s due diligence investigation of Frontier regarding the merger fails to identify issues specific to Frontier or the environment in which Frontier operates, SPAH may be required to take write downs or write-offs, restructuring, and impairment or other charges that could have a significant negative effect on its financial condition, results of operations and stock price, which could cause SPAH stockholders to lose some or all of their investment.

In order to meet disclosure and financial reporting obligations under the federal securities laws, and in order to develop and seek to execute strategic plans for how SPAH can increase the profitability of Frontier or capitalize on market opportunities, SPAH was required to conduct a due diligence investigation of Frontier. As part of its due diligence, SPAH management attended several weekly special assets group meetings of Frontier, a group consisting

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of 37 managers and employees of Frontier which focuses on reducing Frontier s nonperforming assets. SPAH management also reviewed Frontier s largest performing and nonperforming loans and spoke with Frontier s loan officers. SPAH management also met with third party loan reviewers as they performed a loan by loan analysis of Frontier s loan portfolio. In addition, in July 2009, in anticipation of a possible transaction, Frontier hired a third party loan specialist to perform due diligence procedures on Frontier Bank s loan portfolio, including a review of loan documents, files, appraisals, balances, payment history and other loan data of a relevant sample of loans selected from a pool of approximately $2.4 billion of approximately 10,206 commercial real estate, land development, commercial and industrial, construction, residential first lien, residential second lien, home equity, letters of credit and consumer loans selected from Frontier Bank s $3.6 billion loan portfolio. SPAH management participated in group meetings with the loan specialist, but ultimately performed and relied upon its own due diligence (which included the due diligence procedures described above) of Frontier s loan portfolio, allowance for loan losses, loan charge-offs and loan recoveries, in determining to proceed with a transaction with Frontier. In order to determine the fair value of Frontier s loan portfolio, including the adjustments made to determine the fair value of the loan portfolio for purposes of preparing the pro forma financial statements set forth elsewhere in this joint proxy statement/prospectus, SPAH relied upon the fair value analysis prepared by RP Financial, LC, which provided SPAH with the preliminary fair valuation adjustments for recording the acquisition of Frontier pursuant to SFAS No. 141-R. To that end, the preliminary valuation calculated the fair value adjustments for the acquired portfolios of loans, investment securities, deposits, and borrowed funds and calculated the core deposit value.

While SPAH believes it has conducted a sufficient due diligence on Frontier s operations, no assurance can be made that this diligence has uncovered all material issues relating to Frontier, or that factors outside of Frontier s business and outside of SPAH s control will not later arise. If SPAH s diligence fails to identify issues specific to Frontier or the environment in which Frontier operates, SPAH may be forced to write-down or write-off assets, restructure its operations, or incur impairment or other charges that could result in reporting losses. Even though these charges may be non-cash items and not have an immediate impact on liquidity, the fact that SPAH reports charges of this nature could contribute to negative market perceptions about SPAH and/or its common stock. In addition, charges of this nature may cause SPAH to violate net worth or other covenants to which it may be subject as a result of assuming pre-existing debt held by Frontier or by virtue of obtaining post-combination debt financing.

The SPAH Board did not obtain a fairness opinion or independent valuation analysis of Frontier, or that the consideration being paid to Frontier was fair to the stockholders of SPAH in determining whether or not to proceed with the merger and, as a result, the terms may not be fair from a financial point of view to SPAH s public stockholders and you may not receive the value of your investment.

The SPAH Board conducted due diligence on Frontier s proposed business model and investment strategy but did not obtain an opinion from an investment banking firm as to the fair market value of Frontier or that the terms of the merger are fair to the stockholders of SPAH. The SPAH Board believes that because of the financial skills and background of its directors, it was qualified to conclude that the merger was fair from a financial perspective to its stockholders. An independent analysis may not arrive at the same conclusion and the SPAH Board may be incorrect in its assessment of the transaction. It is possible that the actual value of Frontier s business is lower than SPAH could realize on a sale of the combined company or its assets. While the SPAH Board feels that its assessment was reasonable, you may not realize the value of your investment. See the section entitled The Merger and the Merger Agreement Interests of SPAH s Directors and Officers and Others in the Merger.

If the merger is completed, a large portion of the funds in the trust account established by SPAH in connection with its initial public offering for the benefit of the SPAH public stockholders may be used to pay converting stockholders. As a consequence, if the merger is completed, the number of beneficial holders of SPAH s securities may be reduced to a number that may preclude the quotation, trading or listing of SPAH s securities other than on an Over-the-Counter Bulletin Board.

Pursuant to the SPAH Certificate of Incorporation, public stockholders may vote against the merger proposal and demand that SPAH convert their shares into a pro rata share of the trust account. As a consequence of such purchases, the number of beneficial holders of SPAH s securities may be reduced, which may make it difficult to

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maintain the quotation, listing or trading of SPAH s securities on the NYSE AMEX LLC or any other national securities exchange.

Risks Related To SPAH

SPAH may not be able to consummate the merger or another initial business combination, in which case it would be forced to dissolve and liquidate.

If SPAH fails to consummate a business combination prior to October 10, 2009, SPAH will be forced to dissolve and liquidate. SPAH may not be able to consummate the merger or find another suitable target business within the required time frame. In addition, its negotiating position and ability to conduct adequate due diligence on Frontier or another potential target business may be reduced as SPAH approaches the deadline for the consummation of an initial business combination. Upon liquidation and dissolution, SPAH stockholders would receive less than $10.00 per share, the initial public offering purchase price, because of the expenses of the initial public offering, funds reserved to pay creditors or potential creditors, general and administrative expenses and the costs of seeking an initial business combination.

SPAH expects that all costs and expenses associated with implementing a plan of distribution, as well as payments to any creditors, will be funded from amounts remaining out of the $100,000 of proceeds held outside the trust account and from the $3.5 million in interest income on the balance of the trust account that was released to SPAH to fund working capital requirements. However, if those funds are not sufficient to cover the costs and expenses associated with implementing a plan of distribution, to the extent that there is any interest accrued in the trust account not required to pay income taxes on interest income earned on the trust account balance, SPAH may request that the trustee release to it an additional amount of up to $75,000 of such accrued interest to pay those costs and expenses.

If SPAH is unable to effect a business combination and is forced to liquidate, its warrants will expire worthless.

If SPAH does not complete the merger or another business combination by October 10, 2009, the SPAH Certificate of Incorporation provides that its corporate existence will automatically terminate and it will distribute to all holders of its public shares, in proportion to the number of public shares held by them, an aggregate sum equal to the amount in the trust fund, inclusive of any interest plus any other net assets not used for or reserved to pay obligations and claims or such other corporate expenses relating to or arising from SPAH s plan of dissolution and distribution, including costs of dissolving and liquidating SPAH. In such event, there will be no distribution with respect to SPAH s outstanding warrants. Accordingly, the warrants will expire worthless.

If SPAH liquidates, SPAH s stockholders may be held liable for claims by third parties against SPAH to the extent of distributions received by them.

The SPAH Certificate of Incorporation provides that SPAH will continue in existence only until October 10, 2009. If SPAH consummates the merger or another business combination prior to that date, it will seek to amend this provision to permit its continued existence. If SPAH has not completed the merger or other business combination by that date, SPAH s corporate existence will cease except for the purposes of winding up its affairs and liquidating pursuant to Section 278 of the DGCL. In this event, SPAH will automatically dissolve and as promptly as practicable thereafter adopt a plan of distribution in accordance with Section 281(b) of the DGCL, which requires SPAH to pay or make reasonable provision for all then-existing claims and obligations, including all contingent, conditional, or unmatured contractual claims known to SPAH, and to make such provision as will be reasonably likely to be sufficient to provide compensation for any then-pending claims and for claims that have not been made known or that have not arisen but that, based on facts known at the time, are likely to arise or to become known to SPAH within 10 years after the date of dissolution. Under Section 281(b), the plan of distribution must provide for all of such claims to be paid in full or

make provision for payments to be made in full, as applicable, if there are sufficient assets. If there are insufficient assets, the plan must provide that such claims and obligations be paid or provided for according to their priority and, among claims of equal priority, ratably to the extent of legally available assets.

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SP Acq LLC and Mr. Lichtenstein have agreed that they will be liable to SPAH if and to the extent claims by third parties reduce the amounts in the trust account available for payment to its stockholders in the event of a liquidation and the claims are made by a vendor for services rendered, or products sold, to SPAH, or by a prospective target business. To the extent that SP Acq LLC and Mr. Lichtenstein refuse to indemnify SPAH for a claim it believes should be indemnified, SPAH s officers and directors by virtue of their fiduciary obligation will be obligated to bring a claim against SP Acq LLC and Mr. Lichtenstein to enforce such indemnification. SPAH currently believes that SP Acq LLC and Mr. Lichtenstein are capable of funding their indemnity obligations, even though SPAH has not asked them to reserve for such an eventuality. SP Acq LLC and Mr. Lichtenstein may not be able to satisfy those obligations. Under Delaware law, creditors of a corporation have a superior right to stockholders in the distribution of assets upon liquidation. Consequently, if the trust account is liquidated and paid out to SPAH public stockholders prior to satisfaction of the claims of all of SPAH creditors, it is possible that SPAH stockholders may be held liable for third parties claims against it to the extent of the distributions received by them. Accordingly, pursuant to Section 280-282 of the DGCL, third parties may not seek to recover from SPAH s stockholders amounts owed to them by SPAH.

However, if the corporation complies with certain procedures intended to ensure that it makes reasonable provision for all claims against it, the liability of stockholders with respect to any claim against the corporation is limited to the lesser of such stockholder s pro rata share of the claim or the amount distributed to the stockholder. In addition, if the corporation undertakes additional specified procedures, including a 60-day notice period during which any third-party claims can be brought against the corporation, a 90-day period during which the corporation may reject any claims brought, and an additional 150-day waiting period before any liquidation distributions are made to stockholders, any liability of stockholders would be barred with respect to any claim on which an action, suit or proceeding is not brought by the third anniversary of the dissolution (or such longer period directed by the Delaware Court of Chancery). While SPAH intends to adopt a plan of distribution making reasonable provision for claims against the company in compliance with the DGCL, it does not intend to comply with these additional procedures, as it instead intends to distribute the balance in the trust account to the SPAH public stockholders as promptly as practicable following termination of its corporate existence. Accordingly, any liability stockholders may have could extend beyond the third anniversary of a dissolution. SPAH cannot make assurances that any reserves for claims and liabilities that it believes to be reasonably adequate when it adopts a plan of dissolution and distribution will suffice. If such reserves are insufficient, stockholders who receive liquidation distributions may subsequently be held liable for claims by creditors of SPAH to the extent of such distributions.

Furthermore, because SPAH intends to distribute the proceeds held in the trust account to the SPAH public stockholders promptly after October 10, 2009 if it has not completed a business combination by such date, this may be viewed or interpreted as giving preference to SPAH s public stockholders over any potential creditors with respect to access to or distributions from SPAH s assets. The SPAH Board may be viewed as having breached their fiduciary duties to SPAH s creditors and/or having acted in bad faith, thereby exposing itself and SPAH to claims of punitive damages, by paying SPAH public stockholders from the trust account prior to addressing the claims of creditors. There can be no assurance that claims will not be brought against SPAH for these reasons.

If third parties bring claims against SPAH, or if SPAH goes bankrupt, the proceeds held in trust could be reduced and the per-share liquidation price received by SPAH stockholders will be less than approximately $9.85 per share.

SPAH s placing of funds in the trust account may not protect those funds from adverse third-party claims. Although SPAH has and will seek to have all third parties (including any vendors or other entities engaged) and any prospective target businesses enter into valid and enforceable agreements with it waiving any right, title, interest or claim of any kind in or to any monies held in the trust account, there is no guarantee that they will execute such agreements. It is possible that such waiver agreements would be held unenforceable and there is no guarantee that the third parties would not otherwise challenge the agreements and later bring claims against the trust account for monies owed to

them. In addition, there is no guarantee that such entities will agree to waive any claims they may have in the future as a result of, or arising out of, any negotiations, contracts or agreements with SPAH and will not seek recourse against the trust account for any reason. Accordingly, the proceeds held in trust could be subject to claims that would take priority over the claims of SPAH public stockholders and, as a result, the per-share

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liquidation price could be less than approximately $9.85, the conversion price based upon restricted amounts held in trust at June 30, 2009.

SP Acq LLC and Mr. Lichtenstein have agreed that they will be liable to the company if and to the extent claims by third parties reduce the amounts in the trust account available for payment to stockholders in the event of a liquidation and the claims are made by a vendor for services rendered, or products sold, to SPAH or by a prospective business target. However, the agreement entered into by SP Acq LLC and Mr. Lichtenstein specifically provides for two exceptions to the indemnity given: there will be no liability (1) as to any claimed amounts owed to a third party who executed a legally enforceable waiver, or (2) as to any claims under SPAH s indemnity of the underwriters of the initial public offering against certain liabilities, including liabilities under the Securities Act. Furthermore, there could be claims from parties other than vendors, third parties with which SPAH entered into a contractual relationship or target businesses that would not be covered by the indemnity from SP Acq LLC and Mr. Lichtenstein, such as shareholders and other claimants who are not parties in contract with SPAH who file a claim for damages against SPAH. To the extent that SP Acq LLC and Mr. Lichtenstein refuse to indemnify SPAH for a claim it believes should be indemnified, SPAH s officers and directors by virtue of their fiduciary obligations will be obligated to bring a claim against SP Acq LLC and Mr. Lichtenstein to enforce such indemnification. Based on representations as to its status as an accredited investor (as such term is defined in Regulation D under the Securities Act), SPAH currently believes that SP Acq LLC and Mr. Lichtenstein are capable of funding their indemnity obligations, even though SPAH has not asked them to reserve for such an eventuality. SP Acq LLC and Mr. Lichtenstein may not be able to satisfy those obligations.

Additionally, if SPAH is forced to file a bankruptcy case or an involuntary bankruptcy case is filed against it that is not dismissed, the proceeds held in the trust account could be subject to applicable bankruptcy law, and may be included in its bankruptcy estate and subject to the claims of third parties with priority over the claims of stockholders. To the extent any bankruptcy claims deplete the trust account, SPAH cannot make assurances that it will be able to return at least approximately $9.85 per share to the public stockholders. In addition, any distributions received by SPAH public stockholders could be viewed under applicable debtor/creditor and/or bankruptcy laws as either a preferential transfer or a fraudulent conveyance. As a result, a bankruptcy court could seek to recover all amounts received by SPAH s stockholders.

An effective registration statement must be in place in order for a warrantholder to be able to exercise the warrants.

No warrants will be exercisable and SPAH will not be obligated to issue shares of common stock upon exercise of warrants by a warrantholder unless, at the time of such exercise, SPAH has an effective registration statement under the Securities Act covering the shares of common stock issuable upon exercise of the warrants and a current prospectus relating to them is available. Although SPAH has undertaken in the Warrant Agreement, and therefore has a contractual obligation, to use its best efforts to have an effective registration statement covering shares of common stock issuable upon exercise of the warrants from the date the warrants become exercisable and to maintain a current prospectus relating to that common stock until the warrants expire or are redeemed, and SPAH intends to comply with its undertaking, it cannot make assurances that it will be able to do so. SPAH s initial founder s warrants are identical to the warrants sold in the initial public offering except that (i) they only become exercisable after consummation of an initial business combination if and when the last sales price of SPAH common stock exceeds $14.25 per share for any 20 trading days within a 30 trading day period beginning 90 days after such business combination and (ii) they are non-redeemable. If warrantholders approve the warrant amendment proposal at the special meeting of warrantholders, SPAH will eliminate this minimum price requirement to exercise the initial founder s warrants. SPAH s additional founder s warrants are identical to the warrants sold in the initial public offering except that they are non-redeemable. SPAH s co-investment warrants will be identical to the warrants sold in the initial public offering except that they will be non-redeemable. Warrantholders may not be able to exercise their warrants, the market for the warrants may be

limited and the warrants may be deprived of any value if there is no effective registration statement covering the shares of common stock issuable upon exercise of the warrants or the prospectus relating to the common stock issuable upon the exercise of the warrants is not current. In such event, the holder of a unit will have paid the entire unit purchase price for the common stock contained in the unit as the warrant will be worthless.

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An investor will only be able to exercise a warrant if the issuance of common stock upon such exercise has been registered or qualified or is deemed exempt under the securities laws of the state of residence of the warrantholder.

No warrants will be exercisable and SPAH will not be obligated to issue shares of common stock unless the common stock issuable upon such exercise has been registered or qualified or deemed to be exempt under the securities laws of the state of residence of the warrantholder. Because the exemptions from qualification in certain states for resales of warrants and for issuances of common stock by the issuer upon exercise of a warrant may be different, a warrant may be held by a warrantholder in a state where an exemption is not available for issuance of common stock upon an exercise and the warrantholder will be precluded from exercise of the warrant. Nevertheless, SPAH expects that resales of the warrants as well as issuances of common stock by SPAH upon exercise of a warrant may be made in every state because at the time that the warrants become exercisable (following its completion of the merger or another initial business combination) SPAH expects they will continue to be listed on the NYSE AMEX LLC or another national securities exchange, which would provide an exemption from registration in every state, or SPAH would register the warrants in every state (or seek another exemption from registration in such states). To the extent an exemption is not available, SPAH will use its best efforts to register the underlying common stock in all states where the warrantholders reside. Accordingly, SPAH believes warrantholders in every state will be able to exercise their warrants as long as the prospectus relating to the common stock issuable upon exercise of the warrants is current. However, SPAH cannot make assurances of this fact. As a result, the warrants may be deprived of any value, the market for the warrants may be limited and the warrantholders may not be able to exercise their warrants and they may expire worthless if the common stock issuable upon such exercise is not qualified or exempt from qualification in the jurisdictions in which the warrantholders reside.

Most of SPAH s current directors and all of its current officers will resign upon consummation of the merger or other business combination.

SPAH s ability to effect the merger or other business combination successfully will be largely dependent upon the efforts of its officers and directors. However, each of the current executive officers and directors of SPAH will resign upon consummation of the merger, other than Warren G. Lichtenstein who will continue to serve as the Chairman of the Board, although he will resign as President and Chief Executive Officer of SPAH.

SPAH is requiring SPAH public stockholders who wish to convert their shares in connection with a proposed business combination to comply with specific requirements for conversion that may make it more difficult for them to exercise their conversion rights prior to the deadline for exercising their rights.

SPAH is requiring SPAH public stockholders who wish to convert their shares in connection with the merger to either tender their certificates to SPAH s transfer agent at any time prior to the vote taken at the special meeting of SPAH stockholders or to deliver their shares to the transfer agent electronically using the Depository Trust Company s DWAC (Deposit/Withdrawal At Custodian) System. In order to obtain a physical stock certificate, a stockholder s broker and/or clearing broker, DTC and SPAH s transfer agent will need to act to facilitate this request. It is SPAH s understanding that stockholders should generally allot at least two weeks to obtain physical certificates from the transfer agent. However, because SPAH does not have any control over this process or over the brokers or DTC, it may take significantly longer than two weeks to obtain a physical stock certificate. While SPAH has been advised that it takes a short time to deliver shares through the DWAC System, SPAH cannot make assurances of this fact. Accordingly, if it takes longer than anticipated for stockholders to deliver their shares, stockholders who wish to convert may be unable to meet the deadline for exercising their conversion rights and thus may be unable to convert their shares. In addition, there is a nominal cost associated with the above-referenced tendering process and the act of certificating the shares or delivering them through the DWAC system. The transfer agent will typically charge the tendering broker $45 and it would be up to the broker whether or not to pass this cost on to the converting holder.

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SPAH expects to rely upon access to investment professionals of certain affiliates of SP Acq LLC in completing the merger or another initial business combination.

SPAH expects that it will depend, to a significant extent, on access to the investment professionals of certain affiliates of SP Acq LLC and the information and deal flow generated by such investment professionals in the course of their investment and portfolio management activities to complete the merger or other initial business combination. Consequently, the departure of a significant number of these investment professionals could have a material adverse effect on the ability to consummate the merger or another initial business combination.

The registration rights of the SPAH insiders may adversely affect the market price of SPAH common stock.

Pursuant to an agreement SPAH has entered into, (i) the SPAH insiders can demand that SPAH register the resale of the founder s units, the founder s shares and the initial founder s warrants, and the shares of common stock issuable upon exercise of the initial founder s warrants, (ii) SP Acq LLC and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker can demand that SPAH register the additional founder s warrants and the shares of common stock issuable upon exercise of the additional founder s warrants and (iii) SP II (or its permitted transferee, the Steel Trust) can demand that SPAH register the resale of the co-investment units, the co-investment shares and the co-investment warrants and the shares of common stock issuable upon exercise of the co-investment warrants. The registration rights will be exercisable with respect to the founder s units, the founder s shares, the initial founder s warrants and shares of common stock issuable upon exercise of such warrants, the co-investment units, the co-investment shares and co-investment warrants and shares of common stock issuable upon exercise of such warrants at any time commencing three months prior to the date on which the relevant securities are no longer subject to transfer restrictions, and with respect to the additional founder s warrants and the underlying shares of common stock at any time after the execution of a definitive agreement for an initial business combination, which includes the merger agreement. SPAH will bear the cost of registering these securities. If the SPAH insiders exercise their registration rights in full, there will be an additional 4,368,988 shares of common stock (including 3,000,000 co-investment shares and after the 9,453,412 shares subject to forfeiture) and up to 20,822,400 shares (including 3,000,000 shares issuable upon the exercise of co-investment warrants) of common stock issuable on exercise of the warrants eligible for trading in the public market. The registration and availability of such a significant number of securities for trading in the public market may have an adverse effect on the market price of SPAH common stock.

The loss of Mr. Lichtenstein could adversely affect SPAH s ability to complete the merger or another initial business combination.

SPAH s ability to consummate a business combination is dependent to a large degree upon Mr. Lichtenstein. SPAH believe that its success depends on his continued service to SPAH, at least until SPAH has consummated a business combination. Due to his ownership of SP Acq LLC and his relationship with SP II, Mr. Lichtenstein has incentives to remain with SPAH. Nevertheless, SPAH does not have an employment agreement with him, or key-man insurance on his life. He may choose to devote his time to other affairs, or may become unavailable for reasons beyond his control, such as death or disability. The unexpected loss of his services for any reason could have a detrimental effect on SPAH.

The NYSE AMEX LLC may delist SPAH s securities, which could limit investors ability to transact in its securities and subject it to additional trading restrictions.

While SPAH securities are currently listed on the NYSE AMEX LLC, it cannot assure investors that its securities will continue to be listed. Additionally, the NYSE AMEX LLC may require SPAH to file a new initial listing application and meet its initial listing requirements, as opposed to its more lenient continued listing requirements, at the time of the merger or other initial business combination. SPAH cannot make assurances that it will be able to meet those

initial listing requirements at that time.

If the NYSE AMEX LLC delists its securities from trading, SPAH could face significant consequences, including:

a limited availability for market quotations for SPAH securities;

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reduced liquidity with respect to its securities;

a determination that SPAH common stock is a penny stock, which will require brokers trading in its common stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for the common stock;

limited amount of news and analyst coverage for SPAH; and

a decreased ability to issue additional securities or obtain additional financing in the future.

In addition, SPAH would no longer be subject to NYSE AMEX LLC rules, including rules requiring it to have a certain number of independent directors and to meet other corporate governance standards.

FORWARD LOOKING STATEMENTS

This joint proxy statement/prospectus contains forward-looking statements with respect to the financial condition, results of operations, plans, objectives, future performance, and business of SPAH following the merger. These statements are preceded by, followed by, or include the words believes, expects, anticipates, or estimates, or similar expressions. Many possible events or factors could affect the future financial results and performance of SPAH following the merger. This could cause the results or performance of SPAH to differ materially from those expressed in the forward-looking statements. You should consider these important factors when you vote on the merger proposal. Factors that may cause actual results to differ materially from those contemplated by the forward-looking statements include the following:

we may experience delays in closing the merger whether due to the inability to obtain stockholder or regulatory approval or otherwise;

we could lose key personnel or spend a greater amount of resources attracting, retaining and motivating key personnel than we have in the past;

competition among depository and other financial institutions may increase significantly;

changes in the interest rate environment may reduce operating margins;

general economic conditions, either nationally or in Washington and Oregon, may be less favorable than expected resulting in, among other things, a deterioration in credit quality and an increase in credit risk-related losses and expenses;

loan losses may exceed the level of allowance for loan losses of the surviving corporation;

the rate of delinquencies and amount of charge-offs may be greater than expected;

the rates of loan growth and deposit growth may not increase as expected;

legislative or regulatory changes may adversely affect our businesses;

modification of pending regulatory actions against Frontier in a manner reasonably acceptable to SPAH, including by the elimination of certain provisions and consequences related thereto;

costs related to the merger may reduce SPAH s working capital; and

SPAH may fail to close the merger and may be forced to dissolve and liquidate.

The forward-looking statements are based on current expectations about future events. Although SPAH believes that the expectations reflected in the forward-looking statements are reasonable, SPAH cannot guarantee you that these expectations actually will be achieved. SPAH is under no duty to update any of the forward-looking statements after the date of this joint proxy statement/prospectus to conform those statements to actual results. In evaluating these statements, you should consider various factors, including the risks outlined in the section entitled Risk Factors.

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SELECTED HISTORICAL AND PRO FORMA CONSOLIDATED FINANCIAL DATA

Selected Summary Historical Consolidated Financial Information of Frontier

Frontier is providing the following selected historical financial information to assist you in your analysis of the financial aspects of the merger and co-investment.

The following selected historical consolidated financial information of Frontier as of June 30, 2009 and for the six months ended June 30, 2009 and 2008 are derived from Frontier s unaudited financial statements, which are included elsewhere in this joint proxy statement/prospectus. The following selected historical consolidated financial information of Frontier as of December 31, 2008 and 2007 and for the years ended December 31, 2008, 2007 and 2006 are derived from Frontier s audited financial statements, which are included elsewhere in this joint proxy statement/prospectus. The following selected historical consolidated financial information of Frontier as of December 31, 2006, 2005 and 2004 and for the years ended December 31, 2005 and 2004 are derived from Frontier s audited financial statements, which are not included elsewhere in this joint proxy statement/prospectus. The results of operations for interim periods are not necessarily indicative of the results of operations which might be expected for the entire year.

The following information is only a summary and should be read in conjunction with the unaudited interim consolidated financial statements of Frontier for the six months ended June 30, 2009 and 2008 and the notes thereto and the audited consolidated financial statements of Frontier for the years ended December 31, 2008, 2007 and 2006 and the notes thereto and Information about Frontier Management s Discussion and Analysis of Financial Condition and Results of Operations contained elsewhere in this joint proxy statement/prospectus.

	Six Months Ended June 30,		Year Ended December 31,				
in thousands except per share amounts)	2009	2008	2008	2007	2006	2005	2
	(Unaudited)						
lated Statements of Operations:							
ncome:							
ncome	$ 96,072	$ 149,842	$ 279,055	$ 299,672	$ 250,144	$ 178,886	$ 1
xpense	50,869	57,553	112,185	113,041	86,942	51,736	
est income	45,203	92,289	166,870	186,631	163,202	127,150	1
s gains (losses)	(102)	2,468	4,570	(937)	(25)	(211)	
n for loan losses	135,000	33,500	120,000	11,400	7,500	4,200	
me (loss)	(83,805)	17,575	(89,737)	73,938	68,910	51,584	
rnings (loss) per share	$ (1.78)	$ 0.37	$ (1.91)	$ 1.63	$ 1.53	$ 1.21	$
d average number of shares outstanding	47,127	47,297	46,992	45,266	45,010	42,482	
arnings (loss) per share	$ (1.78)	$ 0.37	$ (1.91)	$ 1.62	$ 1.52	$ 1.21	$
d average number of shares outstanding	47,127	47,386	46,992	45,601	45,485	42,743	
idends declared per common share	$	$	$ 0.48	$ 0.65	$ 0.50	$ 0.40	$

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(Dollars in thousands)	June 30, 2009 (Unaudited)	2008	2007	December 31, 2006	2005	2004 (Unaudited)
Consolidated Balance Sheet Data (at period end):						
Total assets	$ 3,987,403	$ 4,104,445	$ 3,995,689	$ 3,238,464	$ 2,640,275	$ 2,243,396
Net loans	3,317,636	3,666,177	3,558,127	2,867,351	2,355,419	1,945,324
Securities	83,399	93,961	135,121	114,711	110,617	153,451
Deposits	3,249,133	3,275,165	2,943,236	2,453,632	2,061,380	1,795,842
Shareholders equity	269,486	352,043	459,612	395,283	296,097	254,230

Selected Historical Financial Information of SPAH

SPAH is providing the following selected historical financial information to assist you in your analysis of the financial aspects of the merger and co-investment.

The following selected historical financial information of SPAH as of June 30, 2009 and for the six months ended June 30, 2009 and 2008 are derived from SPAH s unaudited financial statements, which are included elsewhere in this joint proxy statement/prospectus. The following selected historical financial information of SPAH as of December 31, 2008 and 2007 and for the year ended December 31, 2008 and for the period from February 14, 2007 (inception) through December 31, 2007 are derived from SPAH s audited financial statements, which are included elsewhere in this joint proxy statement/prospectus. The results of operations for interim periods are not necessarily indicative of the results of operations which might be expected for the entire year.

The following information is only a summary and should be read in conjunction with the unaudited interim financial statements of SPAH for the six months ended June 30, 2009 and 2008 and the notes thereto and the audited financial statements of SPAH for the year ended December 31, 2008 for the period from February 14, 2007 (inception) through December 31, 2007 and the notes thereto and Information about SPAH Management s Discussion and Analysis of Financial Condition and Results of Operations contained elsewhere in this joint proxy statement/prospectus.

	June 30, 2009 (Unaudited)	December 31, 2008	December 31, 2007
Balance Sheet Data:			
Total current assets	$ 19,080,295	$ 19,777,900	$ 20,226,763
Total current liabilities	17,511,802	17,588,609	18,956,480
Total assets	428,804,996	429,776,214	428,945,449
Common stock subject to conversion, 12,986,879 shares at conversion value	128,147,514	128,194,236	127,772,726
Common Stock, $0.0001 par value, authorized 200,000,000 shares; issued and outstanding 54,112,000 (less 12,986,879 subject to possible conversion)	41,125	41,125	41,125
Total stockholders equity	283,145,680	283,993,369	282,216,243
Total liabilities and stockholders equity	$ 428,804,996	$ 429,776,214	$ 428,945,449

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	For the Six Months Ended June 30,		For the Year Ended December 31,	For the Period from February 14, 2007 (Inception) through
	2009	2008	2008	December 31, 2007
	(Unaudited)			
Operations Statement Data:				
Operating costs	$ 678,261	$ 499,229	$ 1,052,648	$ 264,373
Other income Interest, net	265,709	4,341,829	6,407,849	2,941,038
Net (loss) income	(894,411)	1,685,378	1,777,126	1,466,293
Accretion of trust account income relating to common stock subject to possible conversion	46,722	(111,035)	(421,510)	
Net (loss) income attributable to other common stockholders	$ (847,689)	$ 1,574,343	$ 1,777,126	$ 1,466,293
Net (loss) income per share-basic and diluted	$ (0.02)	$ 0.04	$ 0.04	$ 0.09
Weighted average number of common shares subject to possible conversion basic and diluted	41,125,121	45,125,121	41,125,121	17,245,726

Selected Unaudited Condensed Combined Pro Forma Financial Information

The selected unaudited condensed combined pro forma financial information has been derived from, and should be read in conjunction with, the unaudited condensed combined pro forma financial information included elsewhere in this joint proxy statement/prospectus.

The unaudited condensed combined pro forma statements of operations for the six months ended June 30, 2009 and the year ended December 31, 2008 give pro forma effect to the merger and co-investment as if it had occurred on January 1, 2008. The unaudited condensed combined pro forma balance sheet as of June 30, 2009 gives pro forma effect to the merger and co-investment as if they had occurred on such date. The unaudited condensed combined pro

forma statements of operations and balance sheet are based on the historical financial statements of Frontier and SPAH as of and for the six months ended June 30, 2009 and the year ended December 31, 2008.

The historical financial information has been adjusted to give effect to pro forma events that are related and/or directly attributable to the merger and co-investment, are factually supportable and, in the case of the unaudited pro forma statement of operations data, are expected to have a continuing impact on the combined results. The adjustments presented on the unaudited condensed combined pro forma financial information have been identified and presented in Unaudited Condensed Combined Pro Forma Financial Data to provide relevant information necessary for an accurate understanding of the combined company upon consummation of the merger and co-investment.

This information should be read together with the consolidated financial statements of Frontier and the notes thereto, the financial statements of SPAH and the notes thereto, Unaudited Condensed Combined Pro Forma Financial Data, Information about Frontier Management s Discussion and Analysis of Financial Condition and Results of Operations, and Information about SPAH Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this joint proxy statement/prospectus.

The unaudited condensed combined pro forma financial statements have been prepared using the assumptions below with respect to the number of outstanding shares of SPAH common stock:

Assuming Minimum Conversion: This presentation assumes that no SPAH public stockholders exercise conversion rights with respect to their shares of SPAH common stock into a pro rata portion of the trust

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account and that no Frontier stockholders exercise their right to dissent and receive cash for the fair value of their Frontier common stock;

Assuming 10 Percent Conversion: This presentation assumes that SPAH public stockholders holding 10% of the shares sold in or subsequently to SPAH s initial public offering, less one share (4,328,959 shares), exercise their conversion rights and that such shares were converted into their pro rata share of the funds in the trust account and that 10% of the Frontier stockholders entitled to receive 251,200 shares of SPAH common stock in the merger exercise their right to dissent and receive cash for the fair value of their Frontier common stock; and

Assuming Maximum Conversion: This presentation assumes that SPAH public stockholders holding 30% of the shares sold in or subsequently to SPAH s initial public offering, less one share (12,986,879 shares), exercise their conversion rights and that such shares were converted into their pro rata share of the funds in the trust account and that 33% of the Frontier stockholders entitled to receive 828,960 shares of SPAH common stock in the merger exercise their right to dissent and receive cash for the fair value of their Frontier common stock.

The unaudited condensed combined pro forma financial statements reflect the acquisition of Frontier being accounted for under the acquisition method of accounting pursuant to the provisions SFAS 141R. Pursuant to the requirements of SFAS 141R, SPAH is expected to be the acquirer for accounting purposes because SPAH is expected to own a majority interest upon consummation of the merger and the co-investment. Determination of control places emphasis on the shareholder group that retains the majority of voting rights in the combined entity. If the accounting acquirer cannot be determined based upon relative voting interests, other indicators of control are considered in the determination of the accounting acquirer, including: control of the combined entity s board of directors, the existence of large organized minority groups, and senior management of the combined entity.

The unaudited condensed combined pro forma financial statements are presented for informational purposes only and are subject to a number of uncertainties and assumptions and do not purport to represent what the companies actual performance or financial position would have been had the transaction occurred on the dates indicated and does not purport to indicate the financial position or results of operations as of any future date or for any future period.

SP Acquisition Holdings, Inc and Subsidiaries

Selected Unaudited Condensed Combined Pro Forma Statement of Operations Data
For the Six Months Ended June 30, 2009

(In thousands, except per share amounts)	**Combined Pro Forma (Assuming Minimum Conversion)**	**Combined Pro Forma (Assuming 10 Percent Conversion**	**Combined Pro Forma (Assuming Maximum Conversion)**
Interest income:			
Interest income	$ 90,547	$ 90,520	$ 90,467
Interest expense	48,107	48,107	48,107
Net interest income	42,440	42,413	42,360

Securities (losses)	(102)	(102)	(102)
Provision for loan losses	135,000	135,000	135,000
Net (loss)	(95,726)	(95,744)	(95,780)
Basic earnings (loss) per share	$ (1.91)	$ (2.10)	$ (2.63)
Weighted average number of shares outstanding basic and diluted	50,170	45,590	36,354

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SP Acquisition Holdings, Inc and Subsidiaries

Selected Unaudited Condensed Combined Pro Forma Statement of Operations Data
For the Year Ended December 31, 2008

	Combined Pro Forma (Assuming Minimum Conversion)	Combined Pro Forma (Assuming 10 Percent Conversion	Combined Pro Forma (Assuming Maximum Conversion)
	(In thousands, except per share amounts)		
Interest income:			
Interest income	$ 273,882	$ 273,241	$ 271,959
Interest expense	106,661	106,661	106,661
Net interest income	167,221	166,580	165,298
Securities (losses)	(6,430)	(6,430)	(6,430)
Provision for loan losses	120,000	120,000	120,000
Net (loss)	(108,176)	(108,786)	(110,006)
Loss per share basic and diluted	$ (2.16)	$ (2.39)	$ (3.03)
Weighted average number of shares outstanding basic and diluted	50,170	45,590	36,354

SP Acquisition Holdings, Inc. and Subsidiaries

Selected Unaudited Consolidated Pro Forma Balance Sheet Data at June 30, 2009

	Combined Pro Forma (Assuming Minimum Conversion)	Combined Pro Forma (Assuming 10 Percent Conversion	Combined Pro Forma (Assuming Maximum Conversion)
	(Dollars in thousands)		
Total assets	$ 4,283,697	$ 4,240,977	$ 4,155,549
Net loans	3,116,327	3,116,327	3,116,327
Securities	83,344	83,344	83,344
Deposits	3,267,692	3,267,692	3,267,692
Total stockholders equity	$ 544,766	$ 497,956	$ 403,120

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COMPARATIVE PER SHARE DATA

The following table sets forth selected historical equity ownership information for SPAH and Frontier, and unaudited pro forma combined per share ownership information after giving effect to the merger and co-investment, assuming (i) that no SPAH public stockholders exercise their conversion rights and no Frontier shareholders exercise their right to dissent; (ii) that holders of 10% of the shares (minus one share) sold in or subsequently to SPAH s initial public offering have exercised their conversion rights and that 10% of the Frontier shareholders exercise their right to dissent; and (iii) that holders of 30% of the shares (minus one share) sold in or subsequently to SPAH s initial public offering have exercised their conversion rights and that 33% of the Frontier shareholders exercise their right to dissent. SPAH is providing this information to aid you in your analysis of the financial aspects of the merger and co-investment. The historical information should be read in conjunction with Selected Historical and Pro Forma Consolidated Financial Data Selected Summary Historical Consolidated Financial Information of Frontier and Selected Historical Financial Information of SPAH included elsewhere in this joint proxy statement/prospectus and the historical consolidated and combined financial statements of SPAH and Frontier and the related notes thereto included elsewhere in this joint proxy statement/prospectus. The unaudited pro forma per share information is derived from, and should be read in conjunction with, the unaudited condensed combined pro forma financial data and related notes included elsewhere in this joint proxy statement/prospectus.

The unaudited pro forma consolidated per share information reflects the acquisition of Frontier being accounted for under the acquisition method of accounting pursuant to the provisions SFAS 141R. Pursuant to the requirements of SFAS 141R, SPAH is expected to be the acquirer for accounting purposes because SPAH is expected to own a majority interest upon consummation of the merger and co-investment. Determination of control places emphasis on the shareholder group that retains the majority of voting rights in the combined entity. If the accounting acquirer cannot be determined based upon relative voting interests, other indicators of control are considered in the determination of the accounting acquirer, including: control of the combined entity s board of directors, the existence of large organized minority groups, and senior management of the combined entity.

The unaudited pro forma consolidated per share information does not purport to represent what the actual results of operations of SPAH and Frontier would have been had the merger and co-investment been completed or to project SPAH s or Frontier s results of operations that may be achieved after the merger and co-investment. The unaudited pro forma book value per share information below does not purport to represent what the value of SPAH and Frontier would have been had the merger and co-investment been completed nor the book value per share for any future date or period.

Unaudited Pro Forma Consolidated Per Share Information

	SPAH	Frontier	Pro Forma Assuming Minimum Conversions	Pro Forma Assuming 10 Percent Conversions	Pro Forma Assuming Maximum Conversions
Six Months ended June 30, 2009					
Basic earnings (loss) per share	$ (0.02)	$ (1.78)	$ (1.91)	$ (2.10)	$ (2.63)
Diluted earnings (loss) per share	$ (0.02)	$ (1.78)	$ (1.91)	$ (2.10)	$ (1.63)
Cash dividends declared per share(2)	$	$	$	$	$
Book value per share at June 30, 2009(1)	$ 7.60	$ 5.72	$ 10.86	$ 10.92	$ 11.09

Year Ended December 31, 2008					
Basic earnings (loss) per share	$ 0.04	$ (1.91)	$ (2.16)	$ (2.39)	$ (3.03)
Diluted earnings (loss) per share	$ 0.04	$ (1.91)	$ (2.16)	$ (2.39)	$ (3.03)
Cash dividends declared per share(2)	$	$ 0.48	$	$	$

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(1) Book value per share of SPAH is computed by dividing the sum of total stockholders equity plus common stock subject to possible conversion by the 54,112,000 shares outstanding at the balance sheet date. Book value per share for the pro forma columns is computed by dividing the sum of total stockholders equity plus common stock subject to possible conversion by the 54,112,000 shares outstanding plus the additional shares issued in conjunction with the merger and co-investment.

(2) Frontier is currently restricted from paying cash dividends to its shareholders pursuant to the FDIC Order. There can be no assurance that this restriction will be removed upon completion of the merger. Accordingly, no pro forma cash dividends per share are presented.

THE MERGER AND THE MERGER AGREEMENT

The descriptions of the terms and conditions of the merger, the merger agreement and any related documents in this joint proxy statement/prospectus are qualified in their entirety by reference to the copy of the merger agreement attached as Annex A to this joint proxy statement/prospectus, to the registration statement, of which this joint proxy statement/prospectus is a part, and to the exhibits to the registration statement.

Background of the Merger

The terms of the merger agreement are the result of negotiations between the representatives of SPAH and Frontier. The following is a brief description of the background of these negotiations, the merger and related transactions.

Transaction Activities of SPAH Prior to Discussions with Frontier

SPAH is a blank check company organized under the laws of the State of Delaware on February 14, 2007. SPAH was formed for the purpose of acquiring, through a merger, capital stock exchange, asset acquisition or other similar business combination, one or more businesses or assets.

A registration statement for SPAH s initial public offering was declared effective on October 10, 2007. On October 16, 2007, SPAH sold 40,000,000 units in its initial public offering, and on October 31, 2007 the underwriters for its initial public offering purchased an additional 3,289,600 units pursuant to an over-allotment option. Each of SPAH s units consists of one share of common stock and one warrant. On November 2, 2007, the warrants and common stock underlying SPAH s units began to trade separately. Each warrant currently entitles the holder to purchase one share of SPAH s common stock at a price of $7.50 commencing on the consummation of a business combination, provided that there is an effective registration statement covering the shares of common stock underlying the warrants in effect. The warrants currently expire on October 10, 2012, unless earlier redeemed.

SPAH received gross proceeds of approximately $439,896,000 from its initial public offering and sale of the additional founder s warrants to SP Acq LLC. Net proceeds of approximately $425,909,120 were deposited into a trust account and will be part of the funds distributed to the SPAH public stockholders in the event SPAH is unable to complete the merger or another business combination.

Prior to the consummation of its initial public offering, neither SPAH, nor anyone on its behalf, contacted any prospective target business or had any substantive discussions, formal or otherwise, with respect to such a transaction with Frontier.

Subsequent to the consummation of its initial public offering on October 16, 2007, SPAH commenced consideration of potential target companies with the objective of consummating a business combination. SPAH compiled a list of

potential targets and updated and supplemented such list from time to time. SPAH contacted several private equity firms, venture capital firms, numerous other business relationships, investment bankers and consulting firms, as well as, legal and accounting firms. Through these efforts, SPAH identified and reviewed information with respect to over 100 potential target companies. On several occasions, SPAH engaged in meetings with potential targets, including companies engaged in industrial equipment manufacturing, energy production, oil and gas exploration, mineral exploration, consumer and commercial banking, consumer goods, investment banking, and gaming businesses. SPAH also engaged in serious discussions with several companies and negotiated (but did

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not execute) a number of letters of intent over the approximately 22 month period. The transactions contemplated by these potential letters of intent included a wide range of transaction structures, including the possibility of a merger, capital stock exchange or asset purchase. SPAH did not move forward with any of these transactions following its preliminary diligence review, largely because preliminary valuations were too high to proceed with a transaction.

Examination of Strategic Alternatives by Frontier Prior to Discussions with SPAH

At a strategic retreat on September 19, 2008, the Frontier Board and management along with Sandler O Neill discussed strategies to improve Frontier s capital position and the relative impact on Frontier s capital position from possible deterioration in Frontier s credit portfolio. Strategies discussed included raising capital through the issuance of capital securities, sale of existing loans and securities, reducing growth, reducing expenses, reducing the shareholder s cash dividend and the possible sale of branches, real estate and/or business lines.

In early October 2008, the Frontier Board and management determined, in conjunction with the anticipated results from a Joint Report of Examination, dated July 21, 2008 (but not yet delivered to Frontier), by the FDIC and the Washington DFI, that the losses in Frontier Bank s loan portfolio made it imperative that Frontier take immediate steps to substantially increase its capital. Given the size of the potential capital raise and the anticipated offering price of Frontier stock, the Frontier Board believed it would be prudent to explore the viability of a merger transaction with a strategic partner.

On October 8 and 9, 2008, representatives of Sandler O Neill were onsite at Frontier s offices along with other financial and legal advisors to conduct due diligence.

On October 9, 2008, the Frontier Board engaged Sandler O Neill, as a financial advisor, to provide financial advice and assist the Frontier Board and management in pursuing all strategic alternatives. These included, but were not limited to, the offering and sale of certain securities of Frontier in a transaction to provide additional capital to Frontier or a possible business combination.

On October 14, 2008, under the Troubled Asset Relief Program s Capital Purchase Plan (TARP CPP), the United States Treasury announced details regarding its proposed investment of $250 billion in Tier 1 qualifying capital into eligible FDIC insured depositories across the United States.

On October 15, 2008, the Frontier Board met with Sandler O Neill to discuss its available alternatives relative to the TARP CPP.

On October 17, 2008 Frontier submitted its application for participation in the TARP CPP.

On October 23, 2008, Frontier announced its third quarter financial results including a quarterly net loss of $18.0 million.

On November 16, 2008, Sandler O Neill began contacting strategic partners and potential capital investors regarding Frontier. Sandler O Neill contacted over 35 potential financial investors and 10 financial institutions between November 2008 and May 2009.

On November 17, 2008, Frontier established a virtual online data room in which they made available to prospective investors and strategic partners certain confidential financial, operational and legal data regarding Frontier, and from which an interested party could make an acquisition or investment proposal.

On July 7, 2008, Frontier Bank retained a nationally recognized independent consultant to review Frontier s loan portfolio, the results of which were provided to interested investors and strategic partners. The independent loan review team began their onsite due diligence of the loan portfolio during the week of December 8, 2008.

Between late November 2008 and mid-May 2009, 18 potential merger partners and/or investors signed confidentiality agreements accessed the data room or received confidential information regarding Frontier and were provided the opportunity to ask questions of senior management. During this period, Sandler O Neill regularly addressed the Frontier Board to update them on the interest level of the parties in the data room.

During the period from early December 2008 to early February 2009, of these 18 potential merger partners, there were four strategic partners that conducted significant due diligence with the goal of submitting a term sheet to

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Frontier. None of the parties submitted a proposal because they did not believe they could structure a transaction that was financially feasible. Each of the four strategic partners cited real estate credit exposure and the lack of a core deposit base as primary reasons for not pursuing a transaction after diligence.

In addition, during December 2008 and January 2009, there was one financial partner that conducted significant due diligence with the goal of submitting a term sheet to Frontier. They did not submit a proposal because they did not believe they could structure a transaction that was financially feasible. They also cited real estate credit exposure as the primary reason for not pursuing a transaction after diligence.

On December 2, 2008, members of Frontier s executive management team and a representative of Sandler O Neill met with the FDIC in San Francisco to present Frontier s efforts to preserve capital since the examination and to check on the status of its TARP CPP application. The regulators indicated that they were holding Frontier s application for TARP CPP investment pending its efforts to raise matching equity.

On December 8, 2008, Frontier announced changes to its management team, most notably that Patrick M. Fahey, a director, would become the Chairman and Chief Executive Officer of Frontier and that Michael J. Clementz would become President of Frontier and Chief Executive Officer of Frontier Bank. As part of the management change, Mr. Fahey announced that Frontier would begin implementation of a new business plan focused on core deposit funding and a diversified loan portfolio.

On December 19, 2008, Frontier announced the suspension of the quarterly cash dividend paid to shareholders.

On January 29, 2009, Frontier announced its fourth quarter financial results, including a loss of $89.5 million, $77.0 million of which was a non-cash charge for impairment of goodwill.

The process of exploring strategic alternatives continued throughout the beginning of 2009. At the same time, on March 24, 2009, the Frontier Board entered into an agreement with the FDIC and the Washington DFI consenting to the FDIC Order, which provided, among other things, that Frontier Bank increase its Tier 1 capital in such an amount as to equal or exceed 10% of Frontier Bank s total assets by July 29, 2009, and to maintain such capital level thereafter. Frontier also announced publicly on March 24, 2009, that it had retained a financial advisor to help it identify new sources of capital.

On April 23, 2009, Frontier announced its first quarter financial results, which included a loss of $33.8 million.

Discussions and Negotiations between SPAH and Frontier

On April 16, 2009, SPAH representatives had an initial conference call with Sandler O Neill to discuss possibilities of utilizing SPAH cash to recapitalize a bank. SPAH was interested in pursuing a bank recapitalization because it believed its cash could be used to allow a bank to make significant risk adjusted returns given the current dislocation in credit markets and to take advantage of the potential opportunities that exist with respect to other banks that are undercapitalized. A follow up meeting with Sandler O Neill occurred on April 27, 2009 with further discussion on potential transaction partners. At this meeting, Sandler O Neill made a presentation to the SPAH representatives of the financial review it had performed with respect to a group of 40 banks, 20 of which were discussed in detail at the meeting, as SPAH was attempting to determine which banks had the most attractive investment profile for SPAH. The group of banks consisted of banks with tangible capital ratios of less than 8%, market capitalization of between $250 million and $1 billion and non-performing assets/total assets of greater than 2%. Of these potential bank targets, SPAH engaged in further negotiations with one bank other than Frontier and subsequently entered into a confidentiality agreement with this bank. However, discussions were terminated with this potential bank target following SPAH s determination that the valuation was too high to proceed with a transaction. SPAH representatives

met again with Sandler O Neill on May 1, 2009 to discuss Frontier. Frontier was considered a viable transaction partner by SPAH based on Frontier s financial condition and results of operations, including a tangible book value of $268.8 million, gross loans of $3.4 billion and total assets of $4.0 billion as of June 30, 2009, among other things. A confidentiality agreement was signed between SPAH and Sandler O Neill as Frontier s authorized representative on May 6, 2009. SPAH representatives met with Frontier s management in Seattle, Washington on May 27, 2009. Between early May and the end of June, representatives of SPAH began conducting preliminary due diligence on Frontier and made numerous visits to Frontier headquarters in Everett,

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Washington where they also met with Sandler O Neill and bank management and began to formulate the parameters of an offer to infuse capital into Frontier Bank.

On June 11, 2009 Frontier announced a workforce reduction of approximately 6% of its staff.

On June 28, 2009, the SPAH Board held a Board meeting to discuss a possible nonbinding Letter of Intent between SPAH and Frontier. Members of management gave a presentation to the SPAH Board which described the terms of the nonbinding Letter of Intent and gave a background of Frontier and its business, loan portfolio, potential performance, growth prospects, valuation, and the fairness of the proposed transaction. SPAH management outlined the rationale for the transaction, which included the opportunity to recapitalize Frontier at a reasonable valuation, resulting in the combined entity having the capital and capabilities to take advantage of the dislocation in the current credit markets. At the conclusion of its presentation, and after discussions thereon, the SPAH Board authorized management to enter into a nonbinding Letter of Intent with Frontier, subject to additional changes agreed to by management, and to continue doing due diligence and work toward a definitive merger agreement. The non-binding Letter of Intent provided that the consideration for the acquisition of Frontier would be an aggregate of 4.9 million shares of newly issued SPAH common stock (8.0% of the pro forma common shares outstanding of the combined entity and an assumed implied ratio of 0.10495 of Frontier s shares to SPAH s shares). In addition, it provided that SPAH would have a 45 day exclusive period to negotiate the terms of a definitive agreement with Frontier.

On June 29, 2009, Frontier Bank received a draft of a proposed nonbinding Letter of Intent from SPAH setting forth the terms of a proposed business combination. Following receipt of the proposed Letter of Intent, management met with representatives of Sandler O Neill and its outside legal counsel, Keller Rohrback L.L.P. (Keller Rohrback), to clarify terms of the proposal and a revised nonbinding Letter of Intent was finalized on June 30, 2009, and circulated to the Frontier Board.

On July 1, 2009, the Frontier Board met with representatives of Sandler O Neill and Keller Rohrback and reviewed the proposal in detail. On the same date, the Frontier Board met with representatives of SPAH who answered questions regarding the proposal and structure of SPAH. After making their presentation, the representatives of SPAH were excused from the meeting and the Frontier Board further considered the proposal.

After a lengthy discussion of the terms of the proposal, the Frontier Board authorized management to execute the nonbinding Letter of Intent. This authorization was based on the following conclusions of the Frontier Board:

- The proposed offer would provide sufficient capital for Frontier to survive and continue to remain viable in the current economic environment.

- The proposed offer would give Frontier shareholders an opportunity to have shares in the pro forma organization and benefit in any increase in the stock price of the business going forward.

- A merger with SPAH and the infusion of significant capital would likely expedite removal of the regulatory restrictions currently facing Frontier and allow Frontier Bank to better serve its customers.

- Frontier does not presently have sufficient capital to meet the capital requirements of the regulatory agencies through organic resources. As of June 30, 2009, Frontier was no longer considered well capitalized using the standard regulatory criteria.

- The proposed exchange ratio was reasonable in the context of the current market environment and when compared to Frontier s other possible alternatives.

Other efforts to raise capital over the past six months had resulted in no actionable alternatives.

On July 1, 2009, SPAH and Frontier entered into the nonbinding Letter of Intent.

On July 2, 2009, representatives of Frontier, SPAH, Keller Rohrback and Sandler O Neill traveled to San Francisco to meet with representatives from the FDIC, FRB and Washington DFI to discuss the terms of the nonbinding Letter of Intent and other aspects of the transaction in general.

During the weeks of July 6, 2009 and July 13, 2009, SPAH continued financial and business due diligence and commenced legal and regulatory due diligence on Frontier and Olshan Grundman Frome Rosenzweig & Wolosky LLP (Olshan), Sidley Austin LLP and SPAH prepared the first draft of the merger agreement. Olshan circulated a

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draft of the merger agreement to Frontier on July 18, 2009. Discussions between the various parties and due diligence continued throughout the week of July 20, 2009 and on July 24, 2009, Olshan received Frontier s cumulative comments to the merger agreement. Also during this time period SPAH management met with Frontier s independent consultant to discuss findings of the second loan review. During the next several days, the various parties continued to negotiate the terms and conditions of the merger agreement and Olshan distributed revised drafts of the merger agreement on each of July 27, 28 and 29, 2009.

On July 24, 2009, SPAH s Audit Committee met to review SPAH s Form 10-Q for the six months ended June 30, 2009. SPAH s Audit Committee was given an update on the status of the negotiations with Frontier.

On July 29, 2009 the SPAH Board met. SPAH management made a lengthy presentation regarding the terms and conditions of the transactions, Frontier s current business and loan portfolio, regulatory issues, timing of shareholder approval and the fact that the acquisition of Frontier does not satisfy the requirement that the fair market value of the target business equals at least 80% of the balance of SPAH s trust account (excluding underwriting discounts and commissions) plus the proceeds of the co-investment. SPAH management also discussed the need to reduce the exchange ratio to 0.0530, which differed substantially from the assumed implied ratio set forth in the non-binding Letter of Intent, after it concluded, following the completion of its due diligence review and determination that Frontier is operating in a more challenging environment, that its initial valuation was too high. The SPAH Board approved the transaction based on the strong capital position of the combined entity, the solid franchise value of Frontier and the opportunity for the recapitalized entity to take advantage of the favorable market for making both loans and acquisitions. At the conclusion of the meeting, the SPAH Board approved entering into the merger agreement with Frontier subject to whatever additional changes were agreed to by management. As part of this approval, the SPAH Board also approved certain amendments to SPAH s Warrant Agreement and Amended and Restated Certificate of Incorporation (including a provision which would eliminate the requirement that SPAH enter into a business combination whereby the fair market value of the target business equals at least 80% of the balance of SPAH s trust account (excluding underwriting discounts and commissions) plus the proceeds of the co-investment), subject to stockholder approval. Members of the SPAH Board also agreed to forfeit an aggregate of 465,530 shares of SPAH common stock and SP Acq LLC agreed to forfeit 8,987,883 shares of SPAH common stock, in order to facilitate the approval of the merger by SPAH and Frontier stockholders and to improve the per share valuation.

At a Frontier Board meeting held on July 29, 2009, after reviewing presentations by Keller Rohrback and Sandler O Neill, receiving a fairness opinion from Keefe Bruyette and lengthy discussion of the terms and conditions of the transaction and other possible alternatives, the Frontier Board unanimously resolved to approve the merger transaction subject to certain adjustments.

On July 30, 2009, representatives of Frontier and SPAH negotiated a finalized, mutually agreeable merger agreement and on such date, SPAH and Frontier executed the merger agreement.

Reasons of SPAH for the Merger

In reaching its decision to approve the merger agreement and recommend the merger to its stockholders, the SPAH Board reviewed various financial data and due diligence and evaluation materials and made an independent determination of fair market value. The SPAH Board consulted with SPAH management, SPAH s legal counsel regarding the legal terms of the merger, and certain employees and certain affiliates of SP Acq LLC regarding the strategic and financial aspects of the merger, and the fairness, from a financial point of view, of the exchange ratio to SPAH.

In addition, in reaching its decision to approve the merger agreement, the SPAH Board considered a number of factors, both positive and negative. It believes that the non-exhaustive list of factors below strongly supports its

determination to approve the merger agreement and recommendation that its stockholders adopt the merger agreement. The positive factors included:

- financial condition and results of operations of Frontier, including a tangible book value of $268.8 million, gross loans of $3.4 billion and total assets of $4.0 billion as of June 30, 2009;

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the growth potential associated with Frontier, including potential for enhanced operating margins and operating efficiencies;

the balance sheet make-up and product mix, including the loan and deposit mix of Frontier;

opportunities to grow existing revenue streams and create new revenue streams associated with Frontier;

the competitive position of Frontier within its operating markets;

the industry dynamics, including barriers to entry;

the experience and skill of Frontier s management, including Patrick M. Fahey, the current Chairman and Chief Executive Officer of Frontier who will become Chief Executive Officer of SPAH in the merger;

acquisition opportunities in the industry;

the opportunity for further consolidation and cost savings in the banking industry; and

the valuation of comparable companies.

Negative factors that the SPAH Board considered included:

Frontier s depressed stock price may adversely affect prevailing market prices for SPAH s common stock;

the issuance of the FDIC Order and the Memorandum of Understanding;

the issuance of the FRB Written Agreement;

the deterioration of Frontier s loan portfolio, centered in its real estate construction and land development loans, including approximately $764.6 million in nonperforming loans predominately existing in construction real estate loans and land development and $98.6 million in loan loss reserves as of June 30, 2009;

impact of new regulation in the banking industry; and

the continued downturn in Frontier s real estate market areas and the general weakness in the economy.

The SPAH Board concluded, however, the potentially negative factors associated with the merger were outweighed by the potential benefits of the merger. The above discussion of the material factors considered by the SPAH Board is not intended to be exhaustive, but does set forth the principal factors considered by the SPAH Board.

At a SPAH Board meeting held on July 29, 2009, the SPAH Board collectively reached the unanimous conclusion to approve the merger agreement and the merger in light of the various factors described above and other factors that each member of the SPAH Board felt were appropriate. In view of the wide variety of factors considered by the SPAH Board in connection with its evaluation of the merger and the complexity of these matters, the SPAH Board did not consider it practical, and did not attempt, to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decision. Rather, the SPAH Board made its recommendation based on the totality of information presented to and the investigation conducted by it. In considering the factors discussed above, individual directors may have given different weights to different factors.

Consequences to SPAH if the Merger Proposal is Not Approved

If the merger proposal is not approved by either the SPAH stockholders or the Frontier shareholders, if 10% or more of the SPAH public stockholders properly elect to convert their shares for cash equal to a pro rata portion of the SPAH trust account (and this closing condition is not waived by SPAH), if required regulatory approvals are denied or delayed, if the warrant amendment proposal is not approved by the SPAH warrantholders or certain other closing conditions are not met and are not waived, the merger will not occur. In addition, if SPAH does not effect the merger with Frontier or cannot complete an alternative business combination by October 10, 2009, SPAH will automatically dissolve and liquidate. In any liquidation, the funds held in the trust account, plus any interest earned thereon (less any taxes due on such interest and payment of deferred underwriting discounts and commissions), together with any remaining net assets not held in trust, will be distributed pro rata to SPAH public stockholders and SPAH will be dissolved in accordance with the SPAH Certificate of Incorporation. The SPAH insiders have waived any right to any liquidation distribution with respect to their shares acquired prior to the initial public offering.

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Interests of SPAH s Directors and Officers and Others in the Merger

When considering the recommendations of the SPAH Board, you should be aware that some of SPAH s directors, officers and affiliates have interests in the merger proposal that differ from the interests of other stockholders:

- Warren G. Lichtenstein will serve as the Chairman of the SPAH Board following the consummation of the merger;

- John McNamara will serve as the Chairman of the Frontier Bank Board following the consummation of the merger;

- if the merger is not approved and SPAH is required to liquidate, all the shares of common stock and all the warrants held by the SPAH insiders (including SP Acq LLC and the Steel Trust), which, as of the record date, for the shares, were worth $9.81 per share and $106,167,744 in the aggregate and, for the warrants, were worth $0.38 per warrant and $6,772,512 in the aggregate, will be worthless. Since Mr. Lichtenstein, SPAH s Chairman of the Board, President and Chief Executive Officer, may be deemed the beneficial owner of shares held by SP Acq LLC and the Steel Trust, he may also have a conflict of interest in determining whether a particular target business is appropriate for SPAH and its stockholders. However, upon consummation of the merger, SP Acq LLC has agreed to forfeit 8,987,883 of its founder s shares and Anthony Bergamo, Ronald LaBow, Howard M. Lorber, Leonard Toboroff and S. Nicholas Walker have agreed to forfeit an aggregate of 465,530 of their founder s shares;

- if SPAH liquidates prior to the consummation of a business combination, SP Acq LLC and Mr. Lichtenstein will be personally liable if and to the extent any claims by a third party for services rendered or products sold, or by a prospective business target, reduce the amounts in the trust account available for distribution to SPAH stockholders in the event of a dissolution and liquidation; and

- unless SPAH consummates an initial business combination, its officers and directors, its employees, and affiliates of SP Acq LLC and their employees will not receive reimbursement for any out-of-pocket expenses incurred by them to the extent that such expenses exceed the amount of available proceeds not deposited in the trust account and the $3.5 million in interest income on the balance of the trust account that has been released to SPAH to fund its working capital requirements. SPAH s officers and directors may tend to favor potential initial business combinations with target businesses that offer to reimburse any expenses that SPAH did not have the funds to reimburse itself.

Each board member was aware of these and other interests and considered them before approving and adopting the merger agreement. Additionally, upon consummation of the merger, the underwriters in SPAH s initial public offering will be entitled to receive approximately $17.3 million of deferred underwriting discounts and commissions currently held in SPAH s trust account. SPAH is in negotiation with its underwriters regarding the amount and form of payment of such deferred underwriting fees from SPAH s initial public offering. As of the date hereof, SPAH has negotiated the reduction of underwriting fees by approximately $3.65 million and SPAH will continue to negotiate a further reduction of such fees until a mutual settlement can be reached. The results of these negotiations are uncertain since the underwriters can discontinue negotiations with SPAH at any time and require the full amount of their fees payable upon consummation of the merger. If the merger is not consummated and SPAH is required to liquidate, the underwriters have agreed to forfeit any rights or claims to their deferred underwriting discounts and commissions then in the trust account, and those funds will be included in the pro rata liquidation distribution to the SPAH public stockholders.

Transfer Restrictions of SPAH Insiders upon Consummation of the Merger

Upon consummation of the merger, SP Acq LLC has agreed to forfeit 8,987,883 of the 9,653,412 founder s shares it owns and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker have agreed to forfeit an aggregate of 465,530 of the 500,000 founder s shares they own. The SPAH insiders previously agreed not to sell or transfer their founder s units and the founder s shares and initial founder s warrants comprising the founder s units (including the common stock to be issued upon the exercise of the initial founder s warrants) for a period of one year from the date

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the merger is consummated, except in each case to permitted transferees who agree to be subject to the same transfer restrictions. The Steel Trust has agreed to be bound by these transfer restrictions.

SP II previously agreed not to sell or transfer the co-investment units, co-investment shares or co-investment warrants (including the common stock to be issued upon exercise of the co-investment warrants) until one year after SPAH completes the merger except to permitted transferees who agree to be bound by such transfer restrictions. The Steel Trust has agreed to be bound by these transfer restrictions.

The permitted transferees under the lock-up agreements are SPAH s officers, directors and employees and other persons or entities associated or affiliated with SP II or Steel Partners, Ltd. (other than, in the case of SP II and SP Acq LLC, their respective limited partners or members in their capacity as limited partners or members). Any transfer to a permitted transferee will be in a private transaction exempt from registration under the Securities Act, pursuant to Section 4(i) thereof.

During the lock-up period, the SPAH insiders and any permitted transferees to whom they transfer shares of common stock will retain all other rights of holders of SPAH common stock, including, without limitation, the right to vote their shares of common stock (except to the extent they convert their voting common stock into Non-Voting Common Stock or receive Non-Voting Common Stock upon exercise of their warrants) and the right to receive cash dividends, if declared. If dividends are declared and payable in shares of common stock, such dividends will also be subject to the lock-up agreement. If SPAH is unable to effect the merger and liquidates, the SPAH insiders have waived the right to receive any portion of the liquidation proceeds with respect to the founder s shares. Any permitted transferees to whom the founder s shares are transferred will also agree to waive that right.

Conversion Rights of SPAH Stockholders

If you hold shares of common stock issued in SPAH s initial public offering (whether such shares were acquired pursuant to such initial public offering or afterwards up to and until the record date), then you have the right to vote against the merger proposal and demand that SPAH convert such shares into cash equal to a pro rata share of the aggregate amount then on deposit in the trust account in which a substantial portion of the net proceeds of SPAH s initial public offering are held (before payment of deferred underwriting discounts and commissions and including interest earned on their pro rata portion of the trust account, net of income taxes payable on such interest and net of interest income of $3.5 million on the trust account balance previously released to SPAH to fund its working capital requirements).

As of September 17, 2009, there was approximately $426,253,057 in SPAH s trust account (including accrued interest on the funds in the trust account and excluding an estimated tax overpayment due to SPAH, which totaled $621,905 as of June 30, 2009), or approximately $9.85 per share issued in the initial public offering. The actual per share conversion price will differ from the $9.85 per share due to any interest earned on the funds in the trust account since September 17, 2009, and any taxes payable in respect of interest earned thereon. The actual per share conversion price will be calculated as of two business days prior to the consummation of the merger, divided by the number of shares sold in the initial public offering.

You may request conversion at any time after the mailing of this joint proxy statement/prospectus and prior to the vote taken with respect to the merger proposal at the special meeting, but the request will not be granted unless you vote against the merger and the merger is approved and completed. If the merger is not consummated, no shares will be converted to cash through the exercise of conversion rights. Prior to exercising your conversion rights you should verify the market price of SPAH common stock. You may receive higher proceeds from the sale of your common stock in the public market than from exercising your conversion rights, if the market price per share is higher than the amount of cash that you would receive upon exercise of your conversion rights.

If you wish to exercise your conversion rights, you must:

affirmatively vote against the merger proposal in person or by submitting your proxy card before the vote on the merger proposal and checking the box that states Against for the merger proposal;

either:

check the box that states I HEREBY EXERCISE MY CONVERSION RIGHTS on the proxy card; or

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send a letter to SPAH s transfer agent, Continental Stock Transfer & Trust Company, at 17 Battery Place, 8th Floor, New York, NY 10004, attn: Mark Zimkind, stating that you are exercising your conversion rights and demanding your shares of SPAH common stock be converted into cash; and

either:

physically tender, or if you hold your shares of SPAH common stock in street name, cause your broker to physically tender, your stock certificates representing shares of SPAH common stock to SPAH s transfer agent; or

deliver your shares electronically using the Depository Trust Company s DWAC (Deposit/Withdrawal At Custodian) System, to SPAH s transfer agent, in either case by October 8, 2009 or such other later date if the special meeting of SPAH stockholders is adjourned or postponed.

Accordingly, a SPAH stockholder would have from the time we send out this joint proxy statement/prospectus through the vote on the merger to deliver his or her shares if he or she wishes to seek to exercise his or her conversion rights.

The DWAC delivery process can be accomplished, whether you are a record holder or your shares are held in street name, within a day, by simply contacting the transfer agent or your broker and requesting delivery of your shares through the DWAC System. There is a nominal cost associated with this tendering process and the act of certificating the shares or delivering them through the DWAC system. The transfer agent will typically charge the stockholder or the tendering broker $45, and your broker may or may not pass this cost on to you.

Taking any action that does not include an affirmative vote against the merger, including abstaining from voting on the merger proposal, will prevent you from exercising your conversion rights. However, voting against the merger proposal does not obligate you to exercise your conversion rights. In addition, if you do not properly exercise your conversion rights (as outlined above), you will not be able to convert your shares of common stock into cash at the conversion price.

Any request to exercise your conversion rights, once made, may be withdrawn at any time up to immediately prior to the vote on the merger proposal at the special meeting (or any adjournment or postponement thereof). If you (1) initially vote for the merger proposal but then wish to vote against it and exercise your conversion rights or (2) initially vote against the merger proposal and wish to exercise your conversion rights but do not check the box on the proxy card providing for the exercise of your conversion rights or do not send a written request to SPAH s transfer agent to exercise your conversion rights, or (3) initially vote against the merger proposal but later wish to vote for it, you may request SPAH s transfer agent to send you another proxy card on which you may indicate your intended vote and, if that vote is against the merger proposal, exercise your conversion rights by checking the box provided for such purpose on the proxy card. You may make such request by contacting Continental Stock Transfer & Trust Company at 17 Battery Place, 8th Floor, New York, NY 10004, attn: Mark Zimkind. Any corrected or changed proxy card or written demand of conversion rights must be received by Continental Stock Transfer & Trust Company prior to the special meeting.

Please note, however, that once the vote on the merger proposal is held at the special meeting, you may not withdraw your request to exercise your conversion rights and request the return of your shares. If the merger is not consummated, your shares will be automatically returned to you.

In connection with the vote to approve the merger, SPAH stockholders may elect to vote a portion of their shares for and a portion of their shares against the merger. If the merger is approved and consummated, SPAH stockholders who elected to convert the portion of their shares voted against the merger will receive the conversion price with respect to those shares and may retain any other shares they own.

If you properly exercise your conversion rights, then you will be exchanging your shares of SPAH common stock for cash equal to a pro rata portion of the SPAH trust account and will no longer own these shares. SPAH anticipates that the funds to be distributed to SPAH stockholders entitled to convert their shares who elect conversion will be distributed promptly after completion of the merger. SPAH will not complete the merger if SPAH stockholders owning 10% or more of the shares sold in SPAH s initial public offering exercise their conversion rights.

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If Proposal No. 2 is approved and adopted, SPAH has made it a condition to closing the merger agreement that no more than 10% of the shares (minus one share) sold in SPAH s initial public offering vote against the merger and exercise their conversion rights in order to ensure that the combined company immediately following the consummation of the merger has sufficient Tier 1 capital to return to compliance levels. Pursuant to the terms of the FDIC Order, Frontier Bank is required to increase its Tier 1 capital in such an amount as to equal or exceed 10% of Frontier Bank s total assets by July 29, 2009 and to maintain such capital level thereafter. If 10% or greater of SPAH s public stockholders were to vote their shares against the merger and demand that SPAH convert such shares into cash equal to a pro rata share of the aggregate amount then on deposit in the trust account, the funds remaining may not be sufficient to meet Frontier Bank s capital requirements. However, in SPAH s sole discretion, this closing condition may be waived in order to consummate the merger. If SPAH elects to waive this closing condition, it may raise the conversion threshold to anywhere between 10% to 30% (minus one share). SPAH does not believe it will raise the conversion threshold and currently intends only to raise the conversion threshold if it believes that the combined entity will have sufficient Tier 1 capital to return to compliance levels.

Rescission Rights

If you are a SPAH stockholder at the time of the merger and you purchased your shares in SPAH s initial public offering or afterwards up to and until the record date, you may have securities law claims against SPAH for rescission (under which a successful claimant has the right to receive the total amount paid for his or her securities pursuant to an allegedly deficient prospectus, plus interest and less any income earned on the securities, in exchange for surrender of the securities) or damages (compensation for loss on an investment caused by alleged material misrepresentations or omissions in the sale of a security) on the basis of, for example, SPAH s initial public offering prospectus not disclosing that (i) SPAH may seek to amend the SPAH Certificate of Incorporation prior to the consummation of a business combination to amend the definition of initial business combination to eliminate the requirement that the fair market value of the target business equal at least 80% of the balance of SPAH s trust account (excluding underwriting discounts and commissions) plus the proceeds of the co-investment, (ii) SPAH may seek to amend the SPAH Certificate of Incorporation prior to the consummation of a business combination to provide that holders of no more than 10% of the shares (minus one share) sold in SPAH s initial public offering vote against the merger and exercise their conversion rights when the threshold in the current form of the SPAH Certificate of Incorporation requires no more than 30% (minus one share), (iii) SPAH may seek to amend the Warrant Agreement upon consummation of the merger to eliminate the requirement that the initial founder s warrants owned by certain SPAH insiders become exercisable only after the consummation of an initial business combination if and when the last sales price of SPAH common stock exceeds $14.25 per share for any 20 trading days within a 30 trading day period beginning 90 days after such business combination, (iv) that SPAH may seek to amend the terms of the Warrant Agreement to increase the exercise price and extend the exercise period, among other things, upon consummation of the merger, and (v) that a party other than SP II or SP Acq LLC may purchase the co-investment units. The rescission right and corresponding liability will continue against SPAH in the event the merger is consummated.

Such claims may entitle stockholders asserting them to up to $10.00 per share, based on the initial offering price of the units sold in SPAH s initial public offering, each comprised of one share of common stock and a warrant to purchase an additional share of common stock, less any amount received from the sale or fair market value of the original warrants purchased as part of the units, plus interest from the date of SPAH s initial public offering. In the case of SPAH public stockholders, this amount may be more than the pro rata share of the trust account to which they are entitled upon exercise of their conversion rights or liquidation of SPAH.

In general, a person who contends that he or she purchased a security pursuant to a prospectus which contains a material misstatement or omission must make a claim for rescission within the applicable statute of limitations period, which, for claims made under Section 12 of the Securities Act and some state statutes, is one year from the time the claimant discovered or reasonably should have discovered the facts giving rise to the claim, but not more than three

years from the occurrence of the event giving rise to the claim. A successful claimant for damages under federal or state law could be awarded an amount to compensate for the decrease in value of his or her shares caused by the alleged violation (including, possibly, punitive damages), together with interest, while retaining the shares. Claims under the anti-fraud provisions of the federal securities laws must generally be brought within two years of

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discovery, but not more than five years after occurrence. Rescission and damages claims would not necessarily be finally adjudicated by the time the merger is completed, and such claims would not be extinguished by consummation of that transaction.

Even if you do not pursue such claims, others, who may include all other SPAH public stockholders, may do so. Neither SPAH nor Frontier can predict whether stockholders will bring such claims or whether such claims would be successful.

Reasons of Frontier for the Merger

The Frontier Board believes the merger is in the best interests of Frontier and the Frontier shareholders. The Frontier Board unanimously recommends that Frontier shareholders vote for the approval of the merger agreement and the consummation of the transactions contemplated by that agreement.

In reaching its determination to adopt the merger agreement, the Frontier Board consulted with Frontier s management and its financial and legal advisors, and considered a number of factors. The following is a description of the material factors that the Frontier Board believes favor the merger:

the ability of the merger to recapitalize and revitalize Frontier, restore its regulatory capital to well-capitalized levels, and achieve compliance with bank regulatory requirements;

the Frontier Board s assessment of the financial condition of SPAH, and of the business, operations, capital level, asset quality, financial condition and earnings of the combined company on a pro forma basis. This assessment was based in part on presentations by Sandler O Neill, Frontier s financial advisor, and Keefe Bruyette, whom Frontier retained solely to render a fairness opinion, and Frontier s management and the results of the due diligence investigation of SPAH conducted by Frontier s management and financial and legal advisors;

the financial and growth prospects for Frontier and its shareholders of a business combination with SPAH as compared to continuing to operate as a stand-alone entity;

the information presented by Sandler O Neill to the Frontier Board with respect to the merger and the opinion of Keefe Bruyette that, as of the date of that opinion, the merger consideration is fair from a financial point of view to the holders of Frontier common stock (see Opinion of Keefe Bruyette below);

the current and prospective economic, regulatory and competitive environment facing the financial services industry generally, and Frontier in particular, including the continued rapid consolidation in the financial services industry and the competitive effects of the increased consolidation on smaller financial institutions such as Frontier;

the fact that SPAH has agreed to: (i) employ Patrick M. Fahey as Chief Executive Officer of the combined company, and (ii) appoint Mr. Fahey and three other members of the Frontier Board as directors of SPAH and Frontier Bank, which are expected to provide a degree of continuity and involvement by Frontier constituencies following the merger, in furtherance of the interests of Frontier s shareholders, customers and employees;

current conditions in the U.S. capital markets, including the unavailability of other sources of capital, strategic or other merger partners to Frontier;

the SPAH stock and SPAH warrants to be received in exchange for Frontier common stock pursuant to the merger agreement and resulting pro forma ownership levels in relation to the historical trading prices of Frontier common stock, as compared to other possible scenarios in the view of the Frontier Board s financial advisor;

the current condition of Frontier and the future prospects of the business in light of the current economic environment and the likelihood that Frontier would need to raise capital in order to protect against future loan losses and achieve compliance with the FDIC Order and the FRB Agreement; and

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the fact that Frontier s existing capital resources were limiting management s ability to effectively manage certain problem credits.

In the course of its deliberations regarding the merger, the Frontier Board also considered the following information that the Frontier Board determined did not outweigh the benefits to Frontier and its shareholders expected to be generated by the merger:

that directors and officers of Frontier have interests in the merger in addition to their interests generally as Frontier shareholders, including change of control agreements for five of its executive officers;

the effect of a termination fee of up to $2.5 million in favor of SPAH, including the risk that the termination fee might discourage third parties from offering to acquire Frontier by increasing the cost of a third party acquisition and, while SPAH has not agreed to pay Frontier any termination fee, Frontier was required to waive any claims against the trust account, if, for example, SPAH breaches the merger agreement;

the risk to Frontier and its shareholders that SPAH may not be able to obtain required regulatory approvals, or necessary modifications to the FDIC Order, FRB Written Agreement and Memorandum of Understanding, and the risk of failing to consummate the transaction;

uncertainty about how much of SPAH s trust account will be available for working capital after closing;

the adverse economic and regulatory environment; and

the pending regulatory actions against Frontier, Frontier s noncompliance with the capital requirement imposed by the FDIC Order, and their potential adverse impact on the profitability, operations and deposits of Frontier Bank, and the risk of further regulatory action and penalties, including the potential closure of Frontier Bank.

The Frontier Board did not assign any relative or specific weights to the factors considered in reaching that determination, and individual directors may have given differing weights to different factors.

Engagement of Financial Advisors

In November 2008, Frontier engaged Sandler O Neill as a financial advisor to assist Frontier s Board and management in pursuing strategic alternatives. These services included, but were not limited to, the offering and sale of certain securities of Frontier in a transaction to provide additional capital to Frontier or a possible business combination. Pursuant to its engagement, Sandler O Neill acted as a financial advisor to Frontier s board of directors in connection with the negotiation of the merger agreement. In addition, Frontier expects that Sandler O Neill will continue to provide ongoing advisory services to Frontier in connection with the merger, including arranging for presentations by Frontier s management and preparing them for such presentations. Under the terms of the engagement letter, as amended, between Sandler O Neill and Frontier, Sandler O Neill has received a fee of $500,000 and upon consummation of the merger, will receive $9.5 million payable at the closing of the merger. In addition, Sandler O Neill has a right of first refusal for a period of 12 months following the closing of the merger to act as a (i) a co-manager or co-placement agent in any capital raising transaction entered into by Frontier and (ii) financial advisor in any business combination entered into by Frontier and a second party. As a result, stockholders are advised that Sandler O Neill has a financial interest in the successful outcome of the merger.

The Frontier Board has also retained Keefe Bruyette solely to issue a fairness opinion for a fee of $500,000. Keefe Bruyette was not engaged to assist Frontier, and did not participate, in the negotiation of the merger agreement,

including the determination of the exchange ratio.

Opinion of Keefe Bruyette

By letter dated July 28, 2009, Frontier retained Keefe Bruyette to provide a fairness opinion to the Frontier Board in connection with a possible business combination with SPAH. Keefe Bruyette is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Keefe Bruyette is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

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At the July 29, 2009 meeting at which the Frontier Board considered and approved the merger agreement, Keefe Bruyette delivered to the Frontier Board its oral opinion, subsequently confirmed in writing, that, as of such date, the exchange ratio was fair to Frontier s shareholders from a financial point of view. The full text of Keefe Bruyette s opinion is attached as Annex E to this joint proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Keefe Bruyette in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the opinion. Frontier shareholders are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.

Keefe Bruyette s opinion speaks only as of the date of the opinion. The opinion was directed to the Frontier Board and is directed only to the fairness of the exchange ratio to Frontier shareholders from a financial point of view. It does not address the underlying business decision of Frontier to engage in the merger or any other aspect of the merger, including the likelihood or the ability of Frontier or SPAH to obtain the necessary regulatory, contractual or other consents or approvals of the merger or the relative merits of the merger as compared to any other strategic alternative that may be available to Frontier. Keefe Bruyette s opinion is not a recommendation to any Frontier shareholder as to how such shareholder should vote at the special meeting with respect to the merger or any other matter.

In connection with rendering its opinion, Keefe Bruyette reviewed and considered, among other things:

1. the merger agreement;

2. the Annual Report to Stockholders and Annual Report on Form 10-K for the three years ended December 31, 2008 of Frontier;

3. the Annual Report to Stockholders and Annual Report on Form 10-K for the period from February 14, 2007 through December 31, 2007 and the year ended December 31, 2008 of;

4. certain interim reports to stockholders and quarterly reports on Form 10-Q of Frontier and SPAH and certain other communications from Frontier and SPAH to their respective shareholders;

5. the publicly reported historical price and trading activity for Frontier s and SPAH s common stock, including a comparison of certain financial and stock market information for Frontier and SPAH with similar publicly available information for certain other companies the securities of which are publicly traded;

6. the financial terms of certain recent business combinations in the banking industry, to the extent publicly available;

7. the current market environment generally and the banking environment in particular; and

8. such other information, financial studies, analyses and investigations and financial, economic and market criteria as they considered relevant.

Keefe Bruyette also discussed with certain members of senior management of Frontier the past and current business, regulatory relations, financial condition, results of operations and future prospects of Frontier, including its liquidity and capital position and funding sources and held similar discussions with certain members of senior management of SPAH regarding the past and current business, regulatory relations, financial condition, results of operations and future prospects of SPAH, including its liquidity and capital position and funding sources.

In performing its reviews and in rendering its opinion, Keefe Bruyette assumed and relied upon the accuracy and completeness of all the financial information, analyses and other information that was publicly available or otherwise

furnished to, reviewed by or discussed with it and further relied on the assurances of senior management of Frontier and SPAH that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. Keefe Bruyette was not asked to and did not independently verify the accuracy or completeness of any of such information and they did not assume any responsibility or liability for its accuracy or completeness. Keefe Bruyette relied upon the management of Frontier and SPAH as to the reasonableness and achievability of the financial and operating forecasts and projections (and the assumptions and bases therefore) provided to them, and assumed that such forecasts and projections reflected the best currently available estimates and judgments of such managements and that such forecasts and projections will be realized in the amounts and in

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the time periods estimated by such managements. Keefe Bruyette expressed no opinion as to such financial projections or the assumptions on which they were based. Keefe Bruyette did not make an independent evaluation or appraisal of the assets or property, the collateral securing assets or the liabilities, contingent or otherwise, of Frontier or SPAH or any of their respective subsidiaries, or the collectability of any such assets, nor was it furnished with any such evaluations or appraisals. Keefe Bruyette is not an expert in the evaluation of allowances for loan and lease losses and it did not make an independent evaluation of the adequacy of the allowance for loan or lease losses of Frontier or the combined entity, nor did it review any individual credit files relating to Frontier. With Frontier s consent, Keefe Bruyette assumed that the respective allowances for loan and lease losses for Frontier were adequate to cover such losses and will be adequate on a pro forma basis for the combined entity.

Keefe Bruyette s opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of the opinion. Keefe Bruyette assumed, in all respects material to its analysis, that all of the representations and warranties contained in the merger agreement and all related agreements are true and correct, that each party to such agreements will perform all of the covenants required to be performed by such party under such agreements and that the conditions precedent in the merger agreement are not waived or modified. Keefe Bruyette also assumed, with Frontier s consent, that there had been no material change in Frontier s and SPAH s assets, financial condition, results of operations, business or prospects since the date of the last financial statements made available to them, that Frontier and SPAH will remain as going concerns for all periods relevant to its analyses, and that the merger will qualify as a tax-free reorganization for federal income tax purposes. Keefe Bruyette expresses no opinion as to legal, regulatory, accounting and tax matters relating to the merger and the other transactions contemplated by the merger agreement.

In rendering its July 29, 2009 opinion, Keefe Bruyette performed a variety of financial analyses. The following is a summary of the material analyses performed by Keefe Bruyette, but is not a complete description of all the analyses underlying Keefe Bruyette s opinion. The summary includes information presented in tabular format. In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses. The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Keefe Bruyette believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Keefe Bruyette s comparative analyses described below is identical to Frontier or SPAH and no business combination reviewed by Keefe Bruyette was comparable to the merger. Accordingly, an analysis of comparable companies involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of Frontier or SPAH and the companies to which they are being compared.

In performing its analyses, Keefe Bruyette also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of Frontier, SPAH and Keefe Bruyette. The analyses performed by Keefe Bruyette are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses. Keefe Bruyette prepared its analyses solely for purposes of rendering its opinion and provided such analyses to the Frontier Board at the July 29, 2009 meeting. Accordingly, Keefe Bruyette s analyses do not necessarily reflect the value of Frontier s common stock or SPAH s common stock or the prices at which Frontier s or SPAH s common stock may be sold at any time.

Summary of Proposal. Keefe Bruyette reviewed the financial terms of the proposed transaction. SPAH is offering shareholders of Frontier common stock (other than shares to be excluded or cancelled) the right to receive .0530 shares of newly issued SPAH common stock and .0530 newly issued SPAH warrants (the exchange ratio. Based upon the closing price of SPAH s common stock on July 28, 2009 of $9.73, Keefe Bruyette calculated implied consideration of $.51569 per share of Frontier common stock.

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Based upon financial information for Frontier for the twelve months ended June 30, 2009, Keefe Bruyette calculated the following ratios:

Transaction Ratios

Transaction price/last twelve months earnings per share	NMx
Transaction price/mean First Call 2009 EPS estimates	NMx
Transaction price/tangible book value per share	9.04%
Transaction price/stated book value per share	9.02%
Tangible book premium/core deposits(1)	(8.9)%
Premium to market price(2)	(42.06)%

(1) Core deposits exclude time deposits with balances greater than $100,000.

(2) Based on Frontier s trailing 20 day average closing price of $.89 as of July 28, 2009.

For purposes of Keefe Bruyette s analyses, earnings per share were based on fully diluted earnings per share. The aggregate transaction value was approximately $24.31 million, based upon 47,131,853 shares of Frontier common stock outstanding, including the intrinsic value of options to purchase an aggregate of 1,271,272 shares with a weighted average strike price of $16.73.

Comparable Company Analysis. Keefe Bruyette used publicly available information to compare selected financial and market trading information for Frontier and a group of financial institutions headquartered in the Pacific Northwest with total assets between $950 million and $12.5 billion selected by Keefe Bruyette, or the Frontier Peer Group . The Frontier Peer Group consisted of the following publicly traded financial institutions:

Cascade Financial Corp.	Pacific Continental Corp.
Columbia Bancorp*	Sterling Financial Corporation
Heritage Financial Corp.*	Glacier Bancorp, Inc.
Intermountain Community Bancorp*	PremierWest Bancorp*
City Bank*	Umpqua Holdings Corporation
West Coast Bancorp	Banner Corporation*
Cascade Bancorp*	Columbia Banking System, Inc.
AmericanWest Bancorporation*	Horizon Financial Corp.*

In the table above, * denotes financial data for the three months ended March 31, 2009.

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The analysis compared financial information for Frontier and the median data for the financial institutions in the Frontier Peer Group. The table below sets forth the comparative data as of and for the three months ending June 30, 2009, with pricing data as of July 28, 2009:

	Frontier	Frontier Peer Group Median
Total assets *(in millions)*	$ 3,987	$ NM
Tangible equity/tangible assets	6.74%	8.81%
Tier 1 Risk Based Capital Ratio	8.15%	10.79%
Total Risk Based Capital Ratio	9.42%	12.60%
Return on average assets	(4.91)%	(.95)%
Return on average tangible equity	(75.6)%	(13.4)%
Net interest margin	2.21%	3.68%
Efficiency ratio	90.7%	78.5%
Transaction accounts/deposits	12.5%	NA%
Loan loss reserve/loans	2.89%	2.35%
Texas Ratio	222.9%	100.4%
Reserves / Non Performing Loans	12.9%	33.2%
Nonperforming assets/Loans & OREO	23.59%	8.76%
Price/tangible book value per share	20.2%	30.0%
Price/LTM EPS	(.28)x	33.2x
Price/estimated 2009 EPS	NMx	NAx
Price/estimated 2010 EPS	NMx	NAx
Dividend yield	0.00%	0.00%
Market capitalization (*in millions*)	$ 54.2	$ NM

The publicly obtained comparative data above illustrates that Frontier s operating metrics are of a poorer quality when compared to its peers.

Stock Trading History. Keefe Bruyette reviewed the history of the reported trading prices and volume of Frontier s common stock and the relationship between the movements in the prices of Frontier s common stock to movements in certain stock indices, including the KBW Regional Banking Index and the NASDAQ Bank Index,. During the one-year period ended July 28, 2009, Frontier s common stock underperformed each of the indices to which it was compared.

Frontier s One-Year Stock Performance

	Ending Value July 28, 2009
Frontier	(88.0)%
NASDAQ Bank Index	(22.9)%
KBW Regional Banking Index	(26.9)%

Net Present Value Analysis. Keefe Bruyette also performed an analysis that estimated the present value of the projected future stream of after-tax net income of Frontier through 5 years of projected financials under various circumstances, assuming that Frontier performed in accordance with growth and operating assumptions and projections provided by Frontiers management. Financial data for the quarter ended June 30, 2009 was used to generate the projections. A stress test was applied to common equity to reflect a charge off scenario that would impact Frontier s balance sheet and loan portfolio. A common equity raise of $250 million to $500 million was assumed in the projections to offset the stress scenario, newly raised common equity was risk weighted 100%.

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Certain assumptions and performance targets were used throughout this analysis, they include but are not limited to:

- moderate balance sheet growth in years one and two with enhanced growth in years three through five
- year five target net interest margin of 4.75%
- year five target return on assets of 1.35%
- year five target efficiency ratio of 52%
- year five target tangible common equity ratio of 10%
- year five target total risk based capital of 15%

To approximate the terminal value of Frontier common stock after 5 years of projections, Keefe Bruyette applied price to earnings multiple of 15x in year 5 of its analysis. The income streams and terminal values were then discounted to present values using a discount rate of 12.5%. As illustrated in the following tables, this analysis indicated a range of net present values available to current shareholders.

Net Present Value to Current Shareholders Aggregate ($)
Offering Amount ($000_s)

Issue Price $	$250,000	$300,000	$350,000	$400,000	$450,000	$500,000
$0.15	$ 16.75	$ 14.02	$ 12.06	$ 10.58	$ 9.42	$ 8.49
$0.25	$ 27.41	$ 23.01	$ 19.83	$ 17.42	$ 15.54	$ 14.02
$0.35	$ 37.69	$ 31.74	$ 27.41	$ 24.12	$ 21.53	$ 19.45
$0.45	$ 47.62	$ 40.21	$ 34.79	$ 30.66	$ 27.41	$ 24.78
$0.55	$ 57.21	$ 48.43	$ 41.99	$ 37.06	$ 33.17	$ 30.01
$0.65	$ 66.47	$ 56.42	$ 49.01	$ 43.32	$ 38.81	$ 35.16
$0.75	$ 75.43	$ 64.19	$ 55.86	$ 49.44	$ 44.35	$ 40.21
$0.85	$ 84.10	$ 71.74	$ 62.54	$ 55.43	$ 49.78	$ 45.17
$0.95	$ 92.49	$ 79.08	$ 69.06	$ 61.30	$ 55.11	$ 50.05

Net Present Value to Current Shareholders Per Share ($)
Offering Amount ($000_s)

Issue Price $	$250,000	$300,000	$350,000	$400,000	$450,000	$500,000
$0.15	$ 0.36	$ 0.30	$ 0.26	$ 0.22	$ 0.20	$ 0.18
$0.25	$ 0.58	$ 0.49	$ 0.42	$ 0.37	$ 0.33	$ 0.30
$0.35	$ 0.80	$ 0.67	$ 0.58	$ 0.51	$ 0.46	$ 0.41
$0.45	$ 1.01	$ 0.85	$ 0.74	$ 0.65	$ 0.58	$ 0.53
$0.55	$ 1.21	$ 1.03	$ 0.89	$ 0.79	$ 0.70	$ 0.64
$0.65	$ 1.41	$ 1.20	$ 1.04	$ 0.92	$ 0.82	$ 0.75
$0.75	$ 1.60	$ 1.36	$ 1.19	$ 1.05	$ 0.94	$ 0.85
$0.85	$ 1.78	$ 1.52	$ 1.33	$ 1.18	$ 1.06	$ 0.96

$0.95	$ 1.96	$ 1.68	$ 1.47	$ 1.30	$ 1.17	$ 1.06

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Keefe Bruyette performed a sensitivity analysis which shows the effects of different capital infusion amounts on Frontier s capital levels. The table below reflects the previously mentioned stress scenario and illustrates the effects of different capital infusion amounts on the tangible common equity, tier 1 and total risked based ratios.

Tang. Common Equity/Tang. Assets (%)
Offering Amount ($000 s)

$250,000	**$300,000**	**$350,000**	**$400,000**	**$450,000**	**$500,000**
6.35%	7.44%	8.51%	9.56%	10.58%	11.58%

Tier 1 Risk Based Capital (%)
Offering Amount ($000 s)

$250,000	**$300,000**	**$350,000**	**$400,000**	**$450,000**	**$500,000**
7.64%	8.93%	10.17%	11.38%	12.56%	13.71%

Total Risk Based Capital (%)
Offering Amount ($000 s)

$250,000	**$300,000**	**$350,000**	**$400,000**	**$450,000**	**$500,000**
8.89%	10.18%	11.42%	12.63%	13.81%	14.96%

In connection with its analyses, Keefe Bruyette considered and discussed with the Frontier Board how the present value analyses would be affected by changes in the underlying assumptions, Keefe Bruyette noted that the net present value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

The actual results achieved by the combined company may vary from projected results and the variations may be material.

In connection with its analyses, Keefe Bruyette considered and discussed with the Frontier Board how the pro forma analyses would be affected by changes in the underlying assumptions, including variations with respect to the growth rate of earnings per share of each company. Keefe Bruyette noted that the actual results achieved by the combined company may vary from projected results and the variations may be material.

Frontier has agreed to pay Keefe Bruyette a fee of $500,000 in connection with the rendering of this opinion, all of which was paid upon Keefe Bruyette s delivery of the opinion. Frontier has agreed to indemnify Keefe Bruyette and its affiliates and their respective partners, directors, officers, employees, agents, and controlling persons against certain expenses and liabilities, including liabilities under securities laws.

Keefe Bruyette has not provided investment banking services to SPAH within the past two years and currently has no arrangements to provide investment banking services to SPAH in the future. However, Keefe Bruyette may provide

investment banking services to SPAH, and receive compensation for, such services in the future, including during the period prior to the closing of the merger. In the ordinary course of its business as a broker-dealer, Keefe Bruyette may purchase securities from and sell securities to Frontier and SPAH and their respective affiliates and may actively trade the debt and/or equity securities of Frontier and SPAH and their respective affiliates for its own account and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities.

Certain Benefits of Directors and Officers of Frontier

When considering the recommendations of the Frontier Board, you should be aware that some directors and officers have interests in the merger proposal that differ from the interests of other shareholders. The Frontier Board is aware of those interests and considered them, among other matters, in approving the merger agreement and the transactions contemplated thereby, including the following:

Stock Ownership. The directors, executive officers and principal shareholders of Frontier, together with their affiliates, beneficially owned, as of the record date for the special meeting, a total of 3,103,451 shares of

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Frontier common stock, including 253,154 shares of restricted stock that has or will be vested at the time of the merger, representing 6.56% of the total outstanding shares of Frontier common stock;

Change of Control Agreements. Frontier is a party to change of control agreements with five of its current executive officers, John J. Dickson, Carol E. Wheeler, R. James Mathison, Robert W. Robinson and Lyle E. Ryan. These agreements generally provide that in the event of a termination of employment in connection with, or within 24 months after, a change of control, for reasons other than cause, the executive will receive a lump sum payment on the first day of the seventh month after the termination of his or her employment in an amount equal to two times the amount of his or her salary and bonus for the twelve months prior to the effective date of the change of control and will continue to be covered by applicable medical and dental plans for 24 months following termination of employment. In the event an executive, after attaining age 60, voluntarily retires within 12 months following a change of control, the executive will receive a lump sum payment equal to one times the amount of his or her salary and bonus, and will continue to be covered by applicable medical and dental plans for 12 months following termination of employment. The maximum aggregate amount of such payments (based on two times their salaries and bonuses) due to Messrs. Dickson, Mathison, Robinson and Ryan, and Ms. Wheeler, upon such termination of their employment would be $698,250, $419,250, $409,500, $518,020, and $368,250, respectively.

In addition, the vesting of restricted stock awards granted under Frontier s 2006 Stock Option Plan will accelerate upon the effective time of the merger.

Insurance and Indemnification. SPAH has agreed to use reasonable best efforts to maintain Frontier s existing policies of directors and officers liability insurance (or at SPAH s option, obtain comparable coverage under its own insurance policies) for a period of six years after the merger with respect to claims arising from facts or events which occurred prior to the effective time of the merger, subject to a maximum premium limit of $1,150,000. SPAH has also agreed to continue to provide for the indemnification of the former and current directors, officers, employees and agents of Frontier for six years after the merger.

Certain Employee Matters. The merger agreement contains certain agreements of the parties with respect to various employee matters. Following the effective time of the merger, SPAH will provide generally to the officers and employees of Frontier employee benefits under employee benefit and welfare plans, on terms and conditions which when taken as a whole are comparable to or better than those currently provided by Frontier to its similarly-situated employees. For purposes of determining eligibility to participate in the vesting of benefits and for all other purposes under the employee benefit plans post-merger, the service of the Frontier employees prior to the effective time of the merger will be treated as service with SPAH participating in such employee benefit plan.

Stock Plans. Any Frontier shares issued with respect to any Frontier options exercised prior to closing, and restricted shares and stock awards, will be converted into the merger consideration. All Frontier stock option and other equity-based plans, agreements and awards, will be terminated upon closing, as provided in the plans. Frontier will notify the optionees and other employees of such termination prior to closing. Following the consummation of the merger, SPAH will adopt such stock option or other equity plans for officers and employees of Frontier as the SPAH Board of the combined company deems appropriate.

Board. The SPAH Board following the merger will be comprised of Warren G. Lichtenstein, who will serve as Chairman of the SPAH Board, and four directors from Frontier, comprised of Patrick M. Fahey, Lucy DeYoung, Mark O. Zenger and David M. Cuthill, each of whom currently serve on the Frontier Board. The Frontier Bank Board will consist of five (5) directors, comprised of SPAH s designee, John McNamara, to serve as Chairman of the Board, and four (4) directors from Frontier, comprised of Patrick M. Fahey and three

(3) other existing members of the Frontier Bank Board.

Officers. Following the merger, Mr. Fahey will serve as the Chief Executive Officer of the combined company, and the other officers and employees of Frontier are expected to be retained in their current positions. Neither Mr. Fahey nor any other employee will have an employment contract with SPAH following the merger.

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At and following the effective time of the merger, SPAH will assume and honor certain Frontier severance and change of control agreements that Frontier had with its officers and directors on July 24, 2009.

Frontier Dissenters Rights

In accordance with Chapter 13 of the Washington Business Corporation Act (Chapter 23B.13 of the Revised Code of Washington, the WBCA), Frontier s shareholders have the right to dissent from the merger and to receive payment in cash for the fair value of their Frontier common stock.

Frontier shareholders electing to exercise dissenters rights must comply with the provisions of Chapter 13 in order to perfect their rights. Frontier and SPAH will require strict compliance with the statutory procedures. The following is intended as a brief summary of the material provisions of the Washington statutory procedures required to be followed by a Frontier shareholder in order to dissent from the merger and perfect the shareholder s dissenters rights. This summary, however, is not a complete statement of all applicable requirements and is qualified in its entirety by reference to Chapter 13 of the WBCA, the full text of which is set forth in Annex F.

A shareholder who wishes to assert dissenters rights must (i) deliver to Frontier before the vote is taken by Frontier shareholders notice of the shareholder s intent to demand payment for the shareholder s shares if the merger is effected, and (ii) not vote such shares in favor of the merger. A shareholder wishing to deliver such notice should hand deliver or mail such notice to Frontier at the following address within the requisite time period:

Frontier Financial Corporation
Attn: Corporate Secretary
332 S.W. Everett Mall Way
P.O. Box 2215
Everett, WA 98213

A shareholder who wishes to exercise dissenters rights generally must dissent with respect to all the shares the shareholder owns or over which the shareholder has power to direct the vote. However, if a record shareholder is a nominee for several beneficial shareholders some of whom wish to dissent and some of whom do not, then the record holder may dissent with respect to all the shares beneficially owned by any one person by delivering to Frontier a notice of the name and address of each person on whose behalf the record shareholder asserts dissenters rights. A beneficial shareholder may assert dissenters rights directly by submitting to Frontier the record shareholder s written consent and by dissenting with respect to all the shares of which such shareholder is the beneficial shareholder or over which such shareholder has power to direct the vote.

A shareholder who does not deliver to Frontier prior to the vote being taken by Frontier shareholders a notice of the shareholder s intent to demand payment for the fair value of the shares will lose the right to exercise dissenters rights. In addition, any shareholder electing to exercise dissenters rights must either vote against the merger agreement or abstain from voting. Submitting a properly signed proxy card that is received prior to the vote at the special meeting (and is not properly revoked) that does not direct how the shares of Frontier common stock represented by proxy are to be voted will constitute a vote in favor of the merger agreement and a waiver of such shareholder s statutory dissenters rights.

If the merger is effected, SPAH as the surviving corporation shall, within ten days after the effective date of the merger, deliver a written notice to all shareholders who properly perfected their dissenters rights in accordance with Chapter 13 of the WBCA. Such notice will, among other things: (i) state where the payment demand must be sent and where and when certificates for certificated shares must be deposited; (ii) inform holders of uncertificated shares to

what extent transfer of the shares will be restricted after the payment demand is received; (iii) supply a form for demanding payment that includes the date of the first announcement to news media or to shareholders of the terms of the proposed merger and requires that the person asserting dissenters rights certify whether or not the person acquired beneficial ownership of the shares before that date; (iv) set a date by which SPAH must receive the payment demand, which date will be between 30 and 60 days after notice is delivered; and (v) be accompanied by a copy of Chapter 23B.13 of the WBCA. A shareholder wishing to exercise dissenters rights must timely file the

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payment demand and deliver share certificates as required in the notice. Failure to do so will cause such person to lose his or her dissenters rights.

Within 30 days after the merger occurs or receipt of the payment demand, whichever is later, SPAH shall pay each dissenter with properly perfected dissenters rights SPAH s estimate of the fair value of the shareholder s interest, plus accrued interest from the effective date of the merger. The payment must be accompanied by: (i) the corporation s latest annual and quarterly financial statements; (ii) an explanation of how SPAH estimated the fair value of the shares; (iii) an explanation of how the interest was calculated; (iv) a statement of the dissenter s right to demand payment under Chapter 23B.13.280 of the WBCA; and (v) a copy of Chapter 23B.13 of the WBCA. With respect to a dissenter who did not beneficially own Frontier shares prior to the public announcement of the merger, SPAH is required to make the payment only after the dissenter has agreed to accept the payment in full satisfaction of the dissenter s demands. Fair value means the value of the shares immediately before the effective date of the merger, excluding any appreciation or depreciation in anticipation of the merger unless such exclusion would be inequitable. The rate of interest is generally required to be the rate at which SPAH currently pays on its principal bank loans.

A dissenter who is dissatisfied with SPAH s estimate of the fair value or believes that interest due is incorrectly calculated may notify Frontier of the dissenters estimate of the fair value and amount of interest due. If SPAH does not accept the dissenters estimate and the parties do not otherwise settle on a fair value then SPAH must, within 60 days, petition a court to determine the fair value.

In view of the complexity of Chapter 13 of the WBCA and the requirement that shareholders must strictly comply with the provisions of Chapter 13 of the WBCA, shareholders of Frontier who may wish to dissent from the merger and pursue appraisal rights should consult their legal advisors.

The Co-Investment

In connection with the initial public offering, SP II previously agreed to purchase an aggregate of 3,000,000 co-investment units at $10.00 per unit ($30.0 million in the aggregate) in a private placement that will occur immediately prior to the consummation of the merger. Pursuant to a plan of reorganization, SP II has contributed certain assets to the Steel Trust, a liquidating trust established for the purpose of effecting the orderly liquidation of such assets. As a result, all of the founder s shares and initial founder s warrants owned by SP II have been transferred to the Steel Trust in a private transaction exempt from registration under the Securities Act. The Steel Trust has agreed to assume all of SP II s rights and obligations with respect to the founder s shares and initial founder s warrants, as more fully described elsewhere in this joint proxy statement/prospectus, including the obligation to purchase the co-investment units. Since SPAH s initial public offering prospectus disclosed that only SP II or SP Acq LLC may purchase the co-investment units, SPAH public stockholders may have a securities law claim against SPAH for rescission (under which a successful claimant has the right to receive the total amount paid for his or her securities pursuant to an allegedly deficient prospectus, plus interest and less any income earned on the securities, in exchange for surrender of the securities) or damages (compensation for loss on an investment caused by alleged material misrepresentations or omissions in the sale of a security), as described more fully under The Merger and the Merger Agreement Rescission Rights.

The proceeds from the sale of the co-investment units will not be received by SPAH until immediately prior to the consummation of the merger. The proceeds from the sale of the co-investment units will provide SPAH with additional equity capital to fund the merger. If the merger is not consummated, the Steel Trust will not purchase the co-investment units and no proceeds will deposited into SPAH s trust account or available for distribution to SPAH s stockholders in the event of a liquidating distribution.

The units purchased in the co-investment will be identical to the units sold in SPAH s initial public offering, after giving effect to the warrant amendment proposal, except that the warrants included therein will be non-redeemable so long as they are held by the Steel Trust or its permitted transferees. SP II previously agreed, subject to certain exceptions described below, not to sell or otherwise transfer any of its units, shares or warrants (including the common stock to be issued upon exercise of these warrants) purchased in the co-investment for a period of one year from the date of the consummation of the merger. The Steel Trust has agreed to be bound by these transfer restrictions. The Steel Trust will be permitted to transfer its units, shares or warrants (including the common stock to

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be issued upon exercise of these warrants) purchased in the co-investment to SPAH s officers and directors, and other persons or entities associated or affiliated with SP II or Steel Partners, Ltd., but the transferees receiving such securities will be subject to the same agreement regarding transfer as SP II.

Upon the sale of the co-investment units and after taking into account the issuance of approximately 2,512,000 shares as a result of the merger and the forfeiture of 9,453,412 shares, the SPAH insiders will collectively own approximately 8.7% of SPAH s issued and outstanding shares of common stock, which could permit them to effectively influence the outcome of all matters requiring approval by SPAH s stockholders at such time, including the election of directors and approval of significant corporate transactions, following the consummation of the merger.

Stock Ownership of Existing SPAH and Frontier Stockholders After the Merger

Following the consummation of the merger, the SPAH insiders will beneficially own approximately 4,368,988 shares of SPAH common stock (after giving effect to the forfeiture of 9,453,412 founder s shares by SP Acq LLC and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker and the co-investment) and will have, through the exercise of warrants, the right to acquire 20,822,400 additional shares of common stock (after giving effect to the co-investment), under certain circumstances.

The percentage of SPAH s common stock (whether voting or non-voting) that existing SPAH and Frontier stockholders will own after the merger and the co-investment is completed will depend on whether (i) Frontier shareholders exercise dissenters rights, (ii) SPAH public stockholder exercise conversion rights, and (iii) any of SPAH s 66,624,000 outstanding warrants (after reflecting the co-investment and merger) are exercised. The table below outlines the effect of these various scenarios on the percentage of SPAH s voting interests that existing SPAH and Frontier stockholders will own after the merger and the co-investment is completed, based on the number of shares of each of SPAH and Frontier issued and outstanding as of the date of the merger agreement. Depending on the scenario, SPAH s stockholders will own from 94.5% to 96.1% of SPAH s common stock after the merger and co-investment, and Frontier will own from 3.9% to 5.5% of SPAH s common stock after the merger and co-investment.

Percent Ownership						
SPAH Stockholders	**Frontier Shareholders**	**Total**	**10% of Frontier Shareholders Exercise Dissenters Rights**	**None of SPAH Public Stockholders Conversion Rights are Exercised**	**10% (Minus One Share) of SPAH Public Stockholders Conversion Rights are Exercised**	**66,622,000 Warrants are Exercised**
95.0%(1)	5.0%	100.00%		X		
95.7(2)	4.3	100.00%		X		X
94.5(3)	5.5	100.00%			X	
95.5(4)	4.5	100.00%			X	X
95.5(5)	4.5	100.00%	X	X		
96.1(6)	3.9	100.00%	X	X		X
95.0(7)	5.0	100.00%	X		X	
96.0(8)	4.0	100.00%	X		X	X

X denotes that event occurred

(1) In order to maintain an ownership level of voting common stock below 5% of the total outstanding shares of voting common stock, the Steel Trust has agreed to convert 2,063,806 shares of common stock into Non-Voting Common Stock upon consummation of the merger (including 1,687,500 shares acquired in connection with the co-investment), which will result in SPAH stockholders holding 94.8% of the voting interests in SPAH and Frontier s shareholders holding 5.2% of the voting interests in SPAH.

(2) In order to maintain an ownership level of voting common stock below 5% of the total outstanding shares of voting common stock, SP Acq LLC and the Steel Trust have agreed to receive Non-Voting Common Stock upon exercise of their initial founder s warrants, additional founder s warrants and co-investment warrants.

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Assuming all 66,624,000 warrants are exercised and SP Acq LLC and the Steel Trust do not transfer their securities to a non-affiliated entity, the Steel Trust will convert 2,063,806 shares of voting common stock into shares of Non-Voting Common Stock (including 1,687,500 shares acquired in connection with the co-investment) and SP Acq LLC and the Steel Trust will elect to receive 17,227,707 shares of Non-Voting Common Stock upon exercise of their warrants, which will result in SPAH stockholders holding 94.8% of the voting interests in SPAH and Frontier s shareholders holding 5.2% of the voting interests in SPAH.

(3) In order to maintain an ownership level of voting common stock below 5% of the total outstanding shares of voting common stock, and if 10% (minus one share) of the SPAH public stockholders exercise their conversion rights, SP Acq LLC and the Steel Trust will convert 2,154,531 shares of voting common stock into shares of Non-Voting Common Stock (including 1,687,500 shares acquired in connection with the co-investment), which will result in SPAH stockholders holding 94.3% of the voting interests in SPAH and Frontier s shareholders holding 5.7% of the voting interests in SPAH.

(4) In order to maintain an ownership level of voting common stock below 5% of the total outstanding shares of voting common stock, and if 10% (minus one share) of the SPAH public stockholders exercise their conversion rights and all 66,624,000 warrants are exercised, the Steel Trust will convert 2,154,531 shares of voting common stock into shares of Non-Voting Common Stock (including 1,687,500 shares acquired in connection with the co-investment) and SP Acq LLC and the Steel Trust will elect to receive 17,364,343 shares of Non-Voting Common Stock upon exercise of their warrants, which will result in SPAH stockholders holding 94.6% of the voting interests in SPAH and Frontier s shareholders holding 5.4% of the voting interests in SPAH.

(5) In order to maintain an ownership level of voting common stock below 5% of the total outstanding shares of voting common stock, and if 10% of the Frontier shareholders exercise and perfect their dissenters rights, the Steel Trust has agreed to convert 2,063,806 shares of common stock into Non-Voting Common Stock upon consummation of the merger (including 1,687,500 shares acquired in connection with the co-investment), which will result in SPAH stockholders holding 95.3% of the voting interests in SPAH and Frontier s shareholders holding 4.7% of the voting interests in SPAH.

(6) In order to maintain an ownership level of voting common stock below 5% of the total outstanding shares of voting common stock, and if 10% of the Frontier shareholders exercise and perfect their dissenters rights, the Steel Trust will convert 2,063,806 shares of voting common stock into shares of Non-Voting Common Stock (including 1,687,500 shares acquired in connection with the co-investment) and SP Acq LLC and the Steel Trust will elect to receive 17,253,968 shares of Non-Voting Common Stock upon exercise of their warrants, which will result in SPAH stockholders holding 95.3% of the voting interests in SPAH and Frontier s shareholders holding 4.7% of the voting interests in SPAH.

(7) In order to maintain an ownership level of voting common stock below 5% of the total outstanding shares of voting common stock, and if 10% (minus one share) of the SPAH public stockholders exercise their conversion rights and 10% of the Frontier shareholders exercise and perfect their dissenters rights, SP Acq LLC and the Steel Trust will convert 2,167,661 shares of voting common stock into shares of Non-Voting Common Stock (including 1,687,500 shares acquired in connection with the co-investment), which will result in SPAH stockholders holding 94.8% of the voting interests in SPAH and Frontier s shareholders holding 5.2% of the voting interests in SPAH.

(8) In order to maintain an ownership level of voting common stock below 5% of the total outstanding shares of voting common stock, and if 10% (minus one share) of the SPAH public stockholders exercise their conversion rights and 10% of the Frontier shareholders exercise and perfect their dissenters rights and all 66,624,000 warrants are exercised, the Steel Trust will convert 2,167,661 shares of voting common stock into shares of

Non-Voting Common Stock (including 1,687,500 shares acquired in connection with the co-investment) and SP Acq LLC and the Steel Trust will elect to receive 17,377,473 shares of Non-Voting Common Stock upon exercise of their warrants, which will result in SPAH stockholders holding 95.1% of the voting interests in SPAH and Frontier s shareholders holding 4.9% of the voting interests in SPAH.

At their discretion, SP Acq LLC and/or the Steel Trust will convert their shares into voting common stock in accordance with the SPAH Certificate of Incorporation, as amended by the Subsequent Charter Amendments and, upon a distribution of the shares by Steel Trust to its beneficiaries, such shares will also be converted into voting

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common stock in accordance with the SPAH Certificate of Incorporation, as amended by the Subsequent Charter Amendments.

The SPAH Board After the Merger

Under the terms of the merger agreement, SPAH will recommend for stockholder approval the election to the SPAH Board of, Warren G. Lichtenstein and, if the merger is consummated, four directors from Frontier, comprised of Patrick M. Fahey, Lucy DeYoung, Mark O. Zenger and David M. Cuthill, each of whom currently serve on the Frontier Board, in each case to serve until the next annual meeting of SPAH and until their successors shall have been elected and qualified. Upon the election of the Frontier nominees to the SPAH Board and, upon consummation of the merger, the SPAH Board will consist of five (5) members, with Mr. Lichtenstein serving as the Chairman of the Board. For information relating to each of these directors, see Proposals to be Considered by SPAH Stockholders Proposal No. 4: The Election of Directors About the Nominees.

The Frontier Bank Board After the Merger

Under the terms of the merger agreement, upon consummation of the merger, the Frontier Bank Board will consist of five (5) directors, comprised of SPAH s designee, John McNamara, to serve as Chairman of the Board, and four (4) directors from Frontier, comprised of Patrick M. Fahey, and three (3) other existing members of the Frontier Bank Board. Set forth below are the principal occupations at present and for the past five years of Messrs. McNamara and Fahey.

John McNamara, Managing Director and investment professional of Steel Partners LLC Mr. McNamara has been associated with Steel Partners LLC, a global management firm, and its affiliates since May 2006. Mr. McNamara has served as a director of the Fox and Hound Restaurant Group, an owner and operator of entertainment restaurants, since April 2008, SL Industries, Inc., a designer and manufacturer of power electronics, power motion equipment, power protection equipment, and teleprotection and specialized communication equipment, since May 2008 and WHX Corporation, a holding company, since February 2008. Mr. McNamara has been the Chairman of the Board of WebBank, a wholly-owned subsidiary of Steel Partners Holdings L.P., since March 2009. He was Chief Executive Officer from June 2008 to December 2008 of the predecessor entity of Steel Partners Holdings L.P., a global diversified holding company that engages or has interests in a variety of operating businesses through its subsidiary companies. From 1995 until April 2006, Mr. McNamara served in various capacities at Imperial Capital, an investment banking firm, where his last position was Managing Director and Partner. As a member of Imperial Capital s Corporate Finance Group, he provided advisory services for middle market companies in the areas of mergers and acquisitions, restructurings and financings. From 1988 to 1995, Mr. McNamara held various positions with Bay Banks, Inc., a commercial bank, where he served in lending and work-out capacities. Mr. McNamara graduated from Ithaca College with a B.S. in Economics.

For information relating to Patrick M. Fahey, see Proposals to be Considered by SPAH Stockholders Proposal No. 4: The Election of Directors About the Nominees.

Management and Operations After the Merger

Each of the current executive officers of SPAH will resign upon consummation of the merger, other than Warren G. Lichtenstein who will continue to serve as Chairman of the Board, although he will resign as President and Chief Executive Officer of SPAH. The existing management team of Frontier will manage the business of the combined company following the merger.

Patrick M. Fahey (Age 67), *Chief Executive Officer of Frontier* Mr. Fahey has over 40 years in the banking industry. He has been the Chairman of the Frontier Board, Chief Executive Officer of Frontier and the Chairman of the Frontier Bank Board since December 2008, and has been a director of Frontier and Frontier Bank since 2006. Prior to joining the Frontier Board in 2006, he was retired after leaving Wells Fargo Bank in 2004. From 2003 to 2004, Mr. Fahey was the Chairman of Regional Banking, Wells Fargo Bank. Prior to that, Mr. Fahey was the Chairman, President and Chief Executive Officer of Pacific Northwest Bank from 1988 to 2003. Mr. Fahey is a graduate of Seattle University, Pacific Coast Banking School, and the Management Program of the University Of Washington School Of Business.

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Michael J. Clementz, (Age 65), *Chief Executive Officer of Frontier Bank, President of Frontier* Mr. Clementz has been in the banking industry for over 45 years. He joined Frontier in July 2000 through the merger of Liberty Bay Financial Corporation and North Sound Bank where he was founder, president, Chief Executive Officer and chairman. From 2003 until 2005, Mike served as President and Chief Executive Officer of Frontier and as President of Frontier Financial Properties from 2006 until December of 2008. He currently serves as President of Frontier and Chief Executive Officer of Frontier Bank. He is a past president of Washington Bankers Association.

John J. Dickson (Age 48), *President of Frontier Bank* Mr. Dickson has been with Frontier since April 1985. He became president of Frontier Bank in December 2008 and was previously its Chief Executive Officer from May 2003 to November 2008. In addition he served as president and Chief Executive Officer of Frontier from January 2006 through November 2008. John spent most of his early tenure in the financial area of the bank, along with several years in credit administration and as a loan officer. He is a graduate of the University of Puget Sound (1982), earning a BA in business and economics. He earned his CPA designation and spent three years in the audit division of a large accounting firm. In 1994, John graduated with honors from the Bank Administration Institute (BAI) School for Bank Administration at the University of Wisconsin. He is past chairman of the Washington Bankers Association.

Carol E. Wheeler (Age 52), *Chief Financial Officer and Secretary of Frontier* Ms. Wheeler has been with Frontier since 1978. She established its Audit Department (1983), and she served as senior vice president and internal auditor as the bank grew from $100 million to $2 billion, including the holding company and subsidiaries. A graduate of Northwest Intermediate Banking School (1985), Carol received her BAI EDP Audit Certificate (1991) and her Certified Trust Auditor (1995) from Cannon Financial Institution. She was appointed to her current position in May 2003.

Robert W. Robinson (Age 52), *Executive Vice President and Chief Credit Officer of Frontier* Mr. Robinson has spent more than 28 years in the banking industry. He joined Frontier in July 2000 through the merger of Liberty Bay Financial Corporation. Rob was formerly the president and director of Liberty Bay Financial Corporation and North Sound Bank. A graduate of California State University (1981), he earned a BA in finance. Rob graduated from the University of Washington Pacific Coast Banking School (1994) and from Northwestern University Kellogg Graduate School of Management CEO Management Program (1999). He was appointed to his current position in July 2002.

Frontier Support Agreement

Each of the Frontier insiders has executed and delivered to SPAH a support agreement in connection with the execution of the merger agreement. In the support agreement, each individual agreed to vote the shares that he or she owns in favor of the merger and against any competing transactions that may arise. In addition, each individual agreed to not transfer such shares prior to the consummation of the merger as provided in the support agreement. A copy of the support agreement is attached as Exhibit C to the merger agreement which is attached hereto as Annex A hereto.

Frontier Lock-Up Agreements

Frontier will cause each of the Frontier insiders and each other person who Frontier reasonably believes may be deemed an affiliate of Frontier for purposes of Rule 145 under the Securities Act, to deliver to SPAH not later than 30 days prior to the effective time of the merger, a written agreement, in substantially the form of Exhibit D to the merger agreement, which is attached as Annex A hereto, providing that such person will not sell, pledge, transfer or otherwise dispose of the shares of SPAH common stock or warrants of SPAH for a one year period ending on the first anniversary of the consummation of the merger, except in compliance with applicable provisions of the Securities Act and the rules and regulations thereunder.

Accounting Treatment of the Merger

The merger will be accounted for using the acquisition method of accounting, with SPAH being treated as the acquiring entity for accounting purposes pursuant to the provisions SFAS 141R. Pursuant to the requirements of SFAS 141R, SPAH is expected to be the acquirer for accounting purposes because SPAH is expected to own a

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majority interest upon consummation of the merger and the co-investment. Determination of control places emphasis on the stockholder group that retains the majority of voting rights in the combined entity. If the accounting acquirer cannot be determined based upon relative voting interests, other indicators of control are considered in the determination of the accounting acquirer, including: control of the combined entity s board of directors, the existence of large organized minority groups, and senior management of the combined entity.

SFAS 141R requires, among other things, that most assets acquired and liabilities assumed be recognized at their fair values as of the merger date. In addition, SFAS No. 141R establishes that the consideration transferred include the fair value of any contingent consideration arrangements and any equity or assets exchanged are measured at the closing date of the merger at the then-current market price.

Regulatory Filings and Approvals Required to Complete the Merger

SPAH and Frontier have agreed to obtain all regulatory approvals required to consummate the transactions contemplated by the merger agreement, which include approval from the Federal Reserve and the Washington DFI, each as detailed below. The merger cannot proceed in the absence of these regulatory approvals. Any approval granted by these federal and state bank regulatory agencies may include terms and conditions more onerous than SPAH s management contemplates, and approval may not be granted in the timeframes desired by SPAH and Frontier. Regulatory approvals, if granted, may contain terms that relate to deteriorating economic conditions both nationally and in Washington; bank regulatory supervisory reactions to the current economic difficulties may not be specific to Bank or SPAH. Although SPAH and Frontier expect to obtain the timely required regulatory approvals, there can be no assurance as to if or when these regulatory approvals will be obtained, or the terms and conditions on which the approvals may be granted.

As noted, the merger is subject to the prior approval of the Federal Reserve. SPAH filed an application with the Federal Reserve on August 12, 2009. In evaluating the merger, the Federal Reserve is required to consider, among other factors, (1) the financial condition, managerial resources and future prospects of the institutions involved in the transaction; and (2) the convenience and needs of the communities to be served, and the record of performance under the CRA. The BHC Act, and Regulation Y prohibit the Federal Reserve from approving the merger if:

> it would result in a monopoly or be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking in any part of the United States; or
>
> its effect in any area of the country could be to substantially lessen competition or to tend to create a monopoly, or if it would result in a restraint of trade in any other manner, unless the Federal Reserve should find that any anti-competitive effects are outweighed clearly by the public interest and the probable effect of the merger in meeting the convenience and needs of the communities to be served.

The merger may not be consummated any earlier than the 15th day (or the 5th day if expedited processing is granted by the Federal Reserve) following the date of approval of SPAH s bank holding company application by the Federal Reserve, during which time the United States Department of Justice is afforded the opportunity to challenge the merger on antitrust grounds. The commencement of any antitrust action would stay the effectiveness of the approval of the Federal Reserve, unless a court of competent jurisdiction were to specifically order otherwise.

The merger also is subject to the prior approval of the Washington DFI. SPAH filed an application with the Washington DFI on August 14, 2009. The Washington DFI may disapprove a change of control of a state bank within 60 days of the filing of a complete application (or for an extended period not exceeding an additional 15 days) if it determines that the transaction is not in the public interest and for other reasons specified under Washington law.

The Merger Agreement

The following summary of the material provisions of the merger agreement does not purport to describe all of the terms of the merger agreement. The following summary is qualified by reference to the complete text of the merger agreement, a copy of which is attached as Annex A to this joint proxy statement/prospectus and incorporated herein by reference. We urge you to read the full text of the merger agreement in its entirety for a more complete description of the terms and conditions of the merger.

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Structure of the Merger

The merger agreement provides for the merger of Frontier with and into SPAH. SPAH will be the surviving corporation in the merger, change its name to Frontier Financial Corporation and be headquartered in Everett, Washington. Frontier Bank, a wholly owned subsidiary of Frontier, will become a wholly owned subsidiary of SPAH following the merger. Each share of Frontier common stock issued and outstanding at the effective time of the merger will be converted into 0.0530 shares of newly issued SPAH common stock and 0.0530 newly issued warrants of SPAH, having the same terms and conditions as the publicly traded SPAH warrants immediately prior to the effective time of the merger (as defined below), after giving effect to the warrant amendment proposal. Based on the closing price of SPAH s common stock on July 28, 2009 of $9.73, which was the last trading day prior to the date of the signing of the merger agreement, Keefe Bruyette calculated an implied consideration of $0.51569 per share of Frontier common stock. However, based on current market prices, the implied consideration may be less than the market price of Frontier common stock.

Following the merger, the surviving corporation will file a second amended and restated certificate of incorporation substantially in the form attached as Annex C to this joint proxy statement/prospectus, incorporating the Initial Charter Amendments and Subsequent Charter Amendments being considered by SPAH stockholders at the special meeting of stockholders, assuming they are adopted. In addition, the provisions of Article SIXTH will be removed from the SPAH Certificate of Incorporation to reflect that, pursuant to their terms, they are terminated automatically with no action required by the SPAH Board or the stockholders in the event an initial business combination, such as the merger with Frontier, is consummated.

Upon consummation of the merger with Frontier, the funds currently held in SPAH s trust account, less (i) any amounts paid to stockholders who exercise their conversion rights and (ii) the deferred underwriting compensation to the extent paid in cash, and proceeds from the co-investment will be released to SPAH. SPAH intends to pay any additional expenses related to the merger and hold the remaining funds as capital pending use for general corporate and strategic purposes. Such purposes could include increasing the capital of Frontier Bank, future mergers and acquisitions, branch construction, asset purchases, payment of dividends, repurchases of shares of SPAH common stock and general corporate purposes. Until such capital is fully leveraged or deployed, SPAH may not be able to successfully deploy such capital and SPAH s return on equity could be negatively impacted.

Closing and Effective Time of the Merger

The merger and other transactions contemplated by the merger agreement shall become effective on the date and time stated in the Certificate of Merger reflecting the merger to be filed and become effective with the Secretary of State of the State of Delaware as provided in Section 252 of the DGCL and the Articles of Merger reflecting the merger to be filed and become effective with the Secretary of State of the State of Washington. The closing of the merger and other transactions contemplated by the merger agreement will take place at 9:00 A.M. Eastern Time on the date that the effective time occurs, or at such other time as the parties, acting through their authorized officers, may mutually agree.

Merger Consideration

If you are a Frontier shareholder, as a result of the merger, each share of Frontier common stock you own immediately prior to the completion of the merger will be automatically converted into the right to receive 0.0530 shares of newly issued SPAH common stock and 0.0530 newly issued warrants of SPAH, having the same terms and conditions as the publicly traded SPAH warrants immediately prior to the effective time of the merger, after giving effect to the warrant amendment proposal.

As of the record date for the Frontier special meeting, Frontier had 47,131,853 shares of common stock issued and outstanding. Based on the exchange ratio of 0.0530, SPAH would issue approximately 2,512,000 shares of SPAH common stock and approximately 2,512,000 newly issued warrants to purchase shares of SPAH common stock in consideration of the merger. Accordingly, SPAH would have then issued and outstanding approximately 50,170,588 shares of SPAH common stock based on the number of shares of SPAH common stock issued and outstanding on the record date for SPAH s special meeting of stockholders (as adjusted to reflect the forfeiture of 9,453,412 founder s shares by SP Acq LLC and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker and the

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co-investment and assuming no outstanding options, warrants or conversion rights are exercised) and 66,624,000 warrants based on the number of warrants of SPAH issued and outstanding on the record date for SPAH s special meeting of warrantholders (as adjusted to reflect the co-investment). Based on the closing price of SPAH common stock and warrants of $9.81 and $0.38, respectively, on September 17, 2009, the total value of the consideration SPAH will pay in the merger to the stockholders of Frontier is approximately $25,597,280 million.

No assurance can be given that the current fair market value of SPAH common stock or warrants will be equivalent to the fair market value of SPAH common stock or warrants on the date that stock or warrants are received by a Frontier shareholder or at any other time. The fair market value of SPAH common stock or warrants received by a Frontier shareholder may be greater or less than the current fair market value of SPAH due to numerous market factors.

Based on the closing price of SPAH s common stock on July 28, 2009 of $9.73, which was the last trading day prior to the date of the signing of the merger agreement, Keefe Bruyette calculated an implied consideration of $0.51569 per share of Frontier common stock. However, based on current market prices, the implied consideration may be less than the market price of Frontier common stock.

Fractional Shares

No fractional shares of SPAH common stock or warrants will be issued to any holder of Frontier common stock in the merger. If a holder of shares of Frontier common stock exchanged pursuant to the merger would be entitled to receive a fractional interest of a share of SPAH common stock or warrant, SPAH will round up or down the number of common stock or warrants of SPAH to be issued to the Frontier shareholder to the nearest whole number of shares of common stock or warrants.

Treatment of Stock Options, Stock Appreciation Rights and Restricted Stock

Upon completion of the merger, each award, option, or other right to purchase or acquire shares of Frontier common stock pursuant to stock options, stock appreciation rights, or stock awards granted by Frontier under Frontier s stock incentive plans, equity compensation plans and stock option plans, which are outstanding immediately prior to the merger, whether or not vested, will be cancelled. Each outstanding share of Frontier restricted stock will vest at the time of the merger, and be converted into and become rights with respect to SPAH common stock.

Exchange of Certificates

As soon as reasonably practicable after the effective time of the merger, SPAH shall cause the exchange agent selected by SPAH, which shall be an independent transfer agent or trust company, to mail appropriate transmittal materials to each record holder of Frontier common stock for use in effecting the surrender and cancellation of those certificates in exchange for SPAH common stock and SPAH warrants. Risk of loss and title to the certificates will remain with the holder until proper delivery of such certificates to SPAH by Frontier s shareholders. After the effective time of the merger, each holder of shares of Frontier common stock, except holders exercising dissenters rights, issued and outstanding at the effective time must surrender the certificate or certificates representing their shares of Frontier common stock to SPAH and will, as soon as reasonably practicable after surrender, receive the consideration they are entitled to under the merger agreement (without interest). SPAH will not be obligated to deliver the consideration to which any former holder of Frontier common stock is entitled until the holder surrenders the certificate or certificates representing his or her shares for exchange. The certificate or certificates so surrendered must be duly endorsed as the exchange agent may require. SPAH, the exchange agent or Frontier or any subsidiary of Frontier will not be liable to a holder of Frontier common stock for any property delivered in good faith to a public official pursuant to any applicable abandoned property, escheat or similar law.

After the effective time of the merger (and prior to the surrender of certificates of Frontier common stock to SPAH), record holders of certificates that represented outstanding Frontier common stock immediately prior to the effective time of the merger will have no rights with respect to the certificates for Frontier common stock other than the right to surrender the certificates and receive the merger consideration in exchange for the certificates.

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Each of SPAH and the exchange agent will be entitled to deduct and withhold from the consideration otherwise payable pursuant to the merger agreement to any holder of shares of Frontier common stock such amounts, if any, as it is required to deduct and withhold with respect to the making of such payment under the Code or any provision of state, local or foreign tax law or by any taxing authority or governmental authority.

SPAH stockholders will not be required to exchange certificates representing their shares of SPAH common stock or otherwise take any action after the merger is completed.

Representations and Warranties

The merger agreement contains a number of representations and warranties that each of Frontier and SPAH have made to each other. These representations and warranties relate to the following:

Organization, Standing and Power;

Authority; No Breach By the Agreement;

Capital Stock;

Subsidiaries;

Exchange Act Filings; Securities Offerings; Financial Statements;

Absence of Undisclosed Liabilities;

Absence of Certain Changes or Events;

Tax Matters;

Assets;

Intellectual Property;

Environmental Matters;

Compliance with Laws;

Labor Relations;

Employee Benefit Plans;

Material Contracts;

Properties and Leases;

Legal Proceedings;

Reports;

Books and Records;

Independence of Directors;

Tax and Regulatory Matters; Consents;

Brokers and Finders;

Board Recommendation; and

Statements True and Correct.

The merger agreement contains additional representations and warranties of Frontier relating to the following:

Allowance for Possible Loan Losses; Loan and Investment Portfolio, etc.;

Privacy of Customer Information;

Loans to Executive Officers, Directors and Principal Shareholders;

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Fiduciary Activities;

State Takeover Laws;

Stockholders Support Agreements;

Opinion of Financial Advisor;

No Participation In TARP; and

Approvals;

The merger agreement contains additional representations and warranties of SPAH relating to the following:

Loans to Executive Officers and Directors;

SPAH Trust Fund; and

Prior Business Operations.

Conduct of Business Pending Consummation of the Merger

Under the merger agreement, each of SPAH and Frontier has agreed, except as otherwise contemplated by the merger agreement or with the prior consent of the other party, and to cause its subsidiaries to:

operate its business only in the usual, regular, and ordinary course;

use reasonable efforts to preserve intact its business organization and assets and maintain its rights and franchises;

use reasonable efforts to cause its representations and warranties to be correct at all times;

use reasonable efforts to provide all information requested by a party related to loans or other transactions made by the other party with a value equal to or exceeding $1,000,000;

consult with the other party prior to entering into or making any loans or other transactions with a value equal to or exceeding $1,000,000; and

take no action which would (1) adversely affect the ability of any party to obtain any consents required for the transactions contemplated by the merger agreement without imposition of a condition or restriction which, in the reasonable judgment of the SPAH Board or Frontier Board, would so materially adversely impact the economic or business benefits of the transactions contemplated by the merger agreement as to render inadvisable the consummation of the merger, or (2) materially adversely affect the ability of either party to perform its covenants and agreements under the merger agreement.

In addition, each of SPAH and Frontier has agreed in the merger agreement not to take certain actions or agree or commit to take certain actions, or permit its subsidiaries to take or agree or commit to take certain actions pending consummation of the merger without the prior consent of the other party and except as otherwise expressly

contemplated by the merger agreement. Such actions include, without limitation:

except as contemplated by the merger agreement, amending its certificate of incorporation, articles of incorporation, bylaws, or other governing corporate instruments;

in the case of Frontier only, modifying Frontier Bank s lending policy;

incurring any obligation for borrowed money in excess of an aggregate of $1,000,000, except in the ordinary course of business consistent with past practices and that are prepayable without penalty, charge or other payment, or imposing or suffering the imposition of any lien on any asset or permit a lien to exist, with certain limited exceptions;

repurchasing, redeeming or otherwise acquiring or exchanging (other than exchanges in the ordinary course under employee benefit plans) any shares, or securities convertible into any shares, of the capital stock of

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SPAH or Frontier or any Frontier subsidiary or declaring or paying any dividend or making any other distribution in respect of either party s common stock;

subject to certain limited exceptions, issuing, selling, or pledging, encumbering, authorizing the issuance of, entering into any contract to issue, sell, pledge, encumber, or authorize the issuance of, or otherwise permit to become outstanding any additional shares of SPAH or Frontier common stock, any capital stock of any of Frontier s subsidiaries or any rights to acquire any such shares;

adjusting, splitting, combining or reclassifying any SPAH or Frontier capital stock or the capital stock of any Frontier subsidiary, or issuing or authorizing the issuance of any other securities in respect of, or in substitution for, shares of SPAH or Frontier common stock, or selling, leasing, mortgaging or otherwise disposing of, in the case of Frontier only, any shares of capital stock of any subsidiary, and, in the case of either SPAH or Frontier, any asset, other than in the ordinary course for reasonable and adequate consideration;

purchasing any securities or making any material investments in any person or otherwise acquiring direct or indirect control over any person, except in the ordinary course of business consistent with past practice, subject to certain limited exceptions;

granting any bonus or increase in compensation or benefits to the employees, officers or directors of SPAH or Frontier or any Frontier subsidiary (subject to certain limited exceptions), committing or agreeing to pay any severance or termination pay, or any stay or other bonus to any SPAH or Frontier director, officer or employee, as applicable, entering into or amending any severance agreements with officers, employees, directors, independent contractors or agents of SPAH or any Frontier subsidiary, changing any fees or other compensation or other benefits to directors of SPAH or Frontier or any Frontier subsidiary, or waiving any stock repurchase rights, accelerating, amending or changing the period of exercisability of any rights or restricted stock, as applicable, or in the case of Frontier, repricing rights granted under its stock incentive plans, equity compensation plans and stock option plans or authorizing cash payments in exchange for any rights, or accelerating or vesting or committing or agreeing to accelerate or vest any amounts, benefits or rights payable by SPAH or Frontier or any Frontier subsidiary;

entering into or amending (unless required by law) any employment contract that does not give SPAH, Frontier or the Frontier subsidiary the unconditional right to terminate the agreement following the effective time of the merger without liability other than for services already rendered;

entering into any severance or change of control agreements or arrangements, or deferred compensation agreements or arrangements between SPAH, Frontier or the Frontier subsidiary and any person;

subject to certain limited exceptions relating to requirements of law and maintaining tax qualified status, adopting any new employee benefit plan or terminating or withdrawing from or materially changing any existing employee benefit plans, welfare plans, insurance, stock or other plans, or making any distributions from such employee benefit or welfare plans, except as required by law, the terms of such plans or consistent with past practice;

making any change in any tax or accounting methods or systems of internal accounting controls, except, without the review and consent of the other party, as may be appropriate and necessary to conform to changes in tax laws, regulatory accounting requirements or generally accepted accounting principles or file any amended tax return, enter into any closing agreement, settle any tax claim or assessment relating to SPAH or Frontier or any Frontier subsidiary, as applicable, surrender any right to claim a refund of taxes, consent to any extension or waiver of the limitation period applicable to any tax claim or assessment relating to SPAH or

Frontier and any Frontier subsidiary, as applicable, or take any other similar action relating to the filing of any tax return or the payment of any tax;

commencing any litigation other than in accordance with past practice (including collection and foreclosure by Frontier on defaulted loans) or settling any litigation involving any liability in excess of $500,000 individually or $1,000,000 in the aggregate for money damages or restrictions on the operations of SPAH or Frontier or any Frontier subsidiary;

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entering into, modifying, amending, or terminating any material contract (including any loan contract with respect to any extension of credit with an unpaid balance exceeding $1,000,000) or waiving, releasing, compromising or assigning any material rights or claims, or, in the case of Frontier, making any adverse changes in the mix, rates, terms, or maturities of Frontier Bank s deposits and other liabilities; or

taking any action or failing to take any action that at the time of such action or inaction is reasonably likely to prevent, or would be reasonably likely to materially interfere with, the consummation of the merger.

Additional Agreements

The merger agreement also contains additional agreements of the parties, including the following, among others:

No Claims against SPAH Trust Fund. Frontier agrees that it does not have any claim to, or have the right to make any claim against the trust fund established for the benefit of the SPAH public stockholders for any monies that may be owed to it by SPAH;

Registration Statement; Joint Proxy Statement. Each of SPAH and Frontier will cooperate in the preparation of any filings to be made with the SEC by either party. SPAH and Frontier will prepare, and SPAH shall file with the SEC, a registration statement on Form S-4, of which this joint proxy statement/prospectus forms a part, which shall include a prospectus for the issuance of shares of SPAH common stock and warrants in the merger, a proxy statement of SPAH for use in connection with the solicitation of proxies for the SPAH stockholders meeting, a proxy statement of Frontier for use in connection with the solicitation of proxies for the Frontier shareholders meeting, and a proxy statement of SPAH for use in connection with the solicitation of proxies for the SPAH warrantholders meeting. Each of SPAH and Frontier has agreed to use its commercially reasonable efforts to cause the registration statement to be filed within ten (10) business days of the date of the merger agreement, have the registration statement declared effective by the SEC as promptly as reasonably practicable after such filing with the SEC and have agreed to fully cooperate with the other party hereto and its respective representatives in the preparation of this joint proxy statement/prospectus. As soon as reasonably practicable after this joint proxy statement/prospectus is declared effective by the SEC, SPAH and Frontier shall cause this joint proxy statement/prospectus to be mailed to their respective stockholders;

Other Offers. The merger agreement provides that neither SPAH or Frontier nor any of their respective affiliates and representatives will solicit any acquisition proposal (generally, a tender offer or proposal for a merger, asset acquisition or other business combination which would compete with the merger). SPAH and Frontier have also agreed not to and not to permit their respective affiliates and representatives to furnish any confidential information, negotiate, or enter into any contract, with respect to any acquisition proposal. However, the merger agreement also provides that either party may furnish nonpublic information regarding itself and may enter into a confidentiality agreement or discussions or negotiations in response to a bona fide unsolicited written acquisition proposal if: (i) such party has not violated any of the restrictions against soliciting acquisition proposals; (ii) its board of directors, in its good faith judgment believes (based on, among other things, the advice of its financial advisor) that such acquisition proposal constitutes a superior proposal; (iii) its board of directors concludes in good faith, after consultation with and receipt of a written opinion from its outside legal counsel, that the failure to take such action would be inconsistent with its fiduciary duties, to its stockholders; (iv) (1) at least five business days prior to furnishing any such nonpublic information to, or entering into discussions or negotiations, the party gives the other party written notice of such party s intention to furnish nonpublic information to, or enter into discussions or negotiations and the identity of such prospective purchaser, and (2) such party receives from such prospective purchaser an executed confidentiality agreement containing terms no less favorable to the disclosing party than the confidentiality terms of the

merger agreement; and (v) contemporaneously with furnishing any such nonpublic information, such party furnishes such nonpublic information to the other party (to the extent such nonpublic information has not been previously furnished by such party). In addition, each of SPAH and Frontier have agreed to provide the other party with at least five business days prior written notice of a meeting of its board of directors at which meeting such board of directors is reasonably expected to resolve

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to recommend the acquisition proposal to its stockholders and together with such notice, a copy of the most recently proposed documentation or revisions relating to the acquisition proposal;

Consents of Regulatory Authorities. SPAH and Frontier have agreed to cooperate with each other and use commercially reasonable efforts to promptly prepare and file all necessary documentation and applications, to effect all applications, notices, petitions and filings, and to obtain as promptly as practicable all consents of all regulatory authorities and other persons which are necessary or advisable to consummate the merger and the transactions contemplated by the merger agreement;

Agreement as to Efforts to Consummate. SPAH and Frontier have each agreed to use commercially reasonable efforts to take such actions as are necessary, proper or advisable to consummate the merger;

Investigation and Confidentiality. The protection of confidential information of the parties and, subject to the confidentiality requirements, the provision of reasonable access to information. SPAH and Frontier agree to keep each other advised of all material developments relevant to its business and the consummation of the merger;

Employee Benefits and Contracts. Following the effective time, SPAH shall provide generally to officers and employees of Frontier or Frontier s subsidiary, employee benefits under employee benefit and welfare plans (other than stock option or other plans involving the potential issuance of SPAH Common Stock) on terms and conditions which when taken as a whole are comparable to or better than those then provided by Frontier or Frontier s subsidiary to their similarly situated officers and employees. In addition, following the effective time, SPAH will adopt such stock option or other equity plans for officers and employees of Frontier or Frontier s subsidiary as the SPAH Board (post-merger) deems appropriate. Following the effective time, SPAH will assume and honor certain Frontier severance and change of control agreements; and

Indemnification. The merger agreement provides that, for a period of six years following the effective time of the merger, SPAH will indemnify the officers, directors, employees and agents of Frontier with respect to all acts or omissions by them in their capacities as such at or prior to the effective time to the fullest extent permitted by law (including with respect to advancement of expenses and whether or not SPAH is insured against any such matter). The merger agreement further requires the combined company to, for a period of six years following the effective time of the merger, use commercially reasonable efforts to maintain coverage under Frontier s existing officers and directors liability insurance policy (or a substitute policy with coverage and amounts no less favorable than those Frontier maintained for its directors prior to the merger under the existing Frontier officers and directors liability insurance policy), provided, that neither Frontier nor SPAH will be obligated to make aggregate premium payments longer than six years in respect of such policy (or coverage replacing such policy) and which exceed, for the portion related to Frontier s directors and officers, 400% of the annual premium payments on Frontier s current policy.

Conditions to the Closing of the Merger

The obligations of SPAH and Frontier to consummate the merger are subject to the satisfaction or waiver (to the extent permitted) of several conditions, including:

The Initial Charter Amendments and the Subsequent Charter Amendments must have been approved by SPAH stockholders;

Holders of two-thirds of the outstanding shares of Frontier must have approved the merger proposal and both (1) holders of a majority of the outstanding shares of SPAH common stock entitled to vote at the special

meeting and (2) a majority of the shares of common stock voted by the SPAH public stockholders are voted, in person or by proxy, in favor of the merger, and the SPAH public stockholders owning 10% or more of the shares sold in SPAH s initial public offering vote against the merger and exercise their conversion rights;

The warrant amendment proposal must have been approved by SPAH warrantholders;

The required regulatory approvals described under Regulatory Approvals must have been received, generally without any conditions or requirements;

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Each party must have received all consents required for consummation of the merger and for the prevention of a default under any contract or permit of such party which, if not obtained or made, is reasonably likely to have, individually or in the aggregate, a material adverse effect on such party;

No court or governmental authority may have taken any action which prohibits, restricts, or makes illegal the consummation of the transactions contemplated by the merger agreement;

The shares of SPAH common stock to be issued as consideration in the merger will have been approved for listing on the NYSE AMEX or the Nasdaq Global Market, subject to official notice of issuance;

The registration statement shall have become effective under the Securities Act and no stop order suspending the effectiveness of the registration statement shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC;

The representations and warranties of SPAH and Frontier in the merger agreement must be true and correct, without any qualifications, subject to an exception generally for inaccuracies with an aggregate effect not likely to have a material adverse effect on the applicable party, and the other party must have performed all of the agreements and covenants to be performed by it pursuant to the merger agreement, and must have delivered certificates confirming satisfaction of the foregoing requirements and certain other matters;

Each Frontier insider will have executed and delivered to SPAH a support agreement as described above. Each of Frontier insider and each other person whom Frontier reasonably believes may be deemed an affiliate of Frontier for purposes of Rule 145 under the Securities Act will have executed and delivered to SPAH the lock-up agreements as described above;

SPAH will have received from Continental Stock Transfer & Trust Company a duly executed Warrant Amendment Agreement;

There must not have been since the date of the merger agreement any material changes in the members of the Frontier Board or Frontier management;

Each party will have received certain legal opinions and tax opinions from its outside counsel and Frontier will have received an opinion as to the fairness from a financial point of view of the merger consideration to its shareholders;

Each of (i) FDIC Order, (ii) the FRB Written Agreement, and (iii) the Memorandum of Understanding, will have been modified in a manner reasonably acceptable to SPAH, including by the elimination of certain provisions and consequences related thereto;

Holders of no more than 10% of the outstanding shares of Frontier common stock entitled to vote on the merger will have exercised their dissenters rights;

SP Acq LLC will have forfeited 8,987,883 of its founder s shares and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker will have forfeited 465,530 of its founder s shares;

SPAH will have taken all necessary action to allow the distribution of all the assets in the trust account to SPAH in the merger at the effective time of the merger;

There must not have been since the date of the merger agreement and the effective time, occurred or be threatened, no event related to or involving Frontier/or its subsidiaries which is reasonably likely, individually or in the aggregate to have an a material adverse effect; and

Frontier shall have received the required third-party consents.

Termination

Notwithstanding the approval of the merger proposal by SPAH and Frontier stockholders, we can mutually agree at any time to terminate the merger agreement at any time prior to the effective time:

By mutual written agreement of SPAH and Frontier;

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By either party if the other party is in breach of any of its representations, warranties or covenants under the merger agreement which cannot be or has not been cured within 5 days after the giving of written notice by the non-breaching party to the breaching party of such breach;

By either party in the event (i) any consent of any regulatory authority required for consummation of the merger and the other transactions contemplated hereby shall have been denied by final nonappealable action of such authority or if any action taken by such authority is not appealed within the time limit for appeal, (ii) any law or order permanently restraining, enjoining or otherwise prohibiting the consummation of the merger shall have become final and nonappealable, (iii) the stockholders of SPAH or Frontier fail to vote their approval of the matters relating to the merger agreement and the transactions contemplated thereby at SPAH s special meeting of stockholders or Frontier s special meeting of shareholders, respectively, where such matters were presented to such stockholders for approval and voted upon, or (iv) if applicable, holders of 10% or more of the shares sold in or subsequent to SPAH s initial public offering vote against the merger and elect to exercise their conversion rights;

By either party in the event that the merger shall not have been consummated by December 31, 2009, in the event SPAH extends its corporate life beyond October 10, 2009;

By either party if the other party s board of directors fails to reaffirm its approval upon the other party s request for such reaffirmation of the merger or if such other party s board of directors resolves not to reaffirm the merger;

By either party if the other party s board of directors fails to include in the joint proxy statement/prospectus its recommendation, without modification or qualification, that the stockholders approve the merger or if the party s board of directors withdraws, qualifies, modifies, proposes publicly to withdraw, qualify, or modify, in a manner adverse to the other party, the recommendation that the stockholders approve the merger;

By either party if the other party s board of directors affirms, recommends, or authorizes entering into any acquisition transaction other than the merger or, within 10 business days after commencement of any tender or exchange offer for any shares of its common stock, the other party s board of directors fails to recommend against acceptance of such tender or exchange offer or takes no position with respect to such tender or exchange offer;

By either party if the other party s board of directors negotiates or authorizes the conduct of negotiations (and five business days have elapsed without such negotiations being discontinued) with a third party regarding an acquisition proposal other than the merger; or

By either party if the party terminating is not in material breach of any representation, warranty, or covenant, or other agreement in the merger agreement, and prior to the adoption of the merger proposal by the stockholders, the other party s board of directors has (1) withdrawn or modified or changed its recommendation of approval of the merger agreement in a manner adverse to the terminating party in order to approve and permit the other party to accept a superior proposal and (2) determined, after consultation with, and the receipt of advice from outside legal counsel to the other party, that the failure to take such action as described in the preceding clause (1) would be likely to result in a breach of the board of directors fiduciary duties under applicable law, provided, however, that at least five business days prior to any such termination, the terminating party shall, and shall cause its advisors to, negotiate with the other party, if such party elects to do so, to make such adjustments in the terms and conditions of the merger agreement as would enable the other party to proceed with the merger on the adjusted terms.

Expenses and Termination Fees

The merger agreement provides that, subject to certain exceptions, each party will be responsible for its own direct costs and expenses incurred in connection with the transactions contemplated by the merger agreement.

The merger agreement provides that if:

> (i) SPAH terminates the merger agreement due to a breach by Frontier, (ii) either party terminates due to the failure of Frontier to obtain stockholder approval, (iii) either party terminates due to the failure to

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consummate the merger by December 31, 2009, in the event SPAH extends its corporate life beyond October 10, 2009, and, in the case of a termination under clause (ii) or (iii) above, (x) there has been publicly announced and not withdrawn another acquisition proposal relating to Frontier or (y) Frontier has failed to perform and comply in all material respects with any of its obligations, agreements or covenants required by the merger agreement, and within 12 months of such termination Frontier either (A) consummates an acquisition transaction (other than the merger with SPAH) or (B) enters into a definitive agreement with respect to an acquisition transaction (other than the merger with SPAH), whether or not such acquisition transaction is subsequently consummated (but changing, in the case of (A) and (B), the references to 5% and 90% amounts in the definition of, acquisition transaction in the merger agreement, to 50% and 80%, respectively); or

SPAH terminates the merger agreement (i) due to the failure of the Frontier Board to reaffirm its approval upon SPAH s request for such reaffirmation of the merger or if the Frontier Board resolves not to reaffirm the merger, (ii) due to the failure of the Frontier Board to include in the joint proxy statement/prospectus its recommendation, without modification or qualification, that the Frontier stockholders approve the merger or if the Frontier Board withdraws, qualifies, modifies, proposes publicly to withdraw, qualify, or modify, in a manner adverse to SPAH, the recommendation that the Frontier stockholders approve the merger, (iii) if the Frontier Board affirms, recommends, or authorizes entering into any acquisition transaction other than the merger or, within 10 business days after commencement of any tender or exchange offer for any shares of Frontier common stock, the Frontier Board fails to recommend against acceptance of such tender or exchange offer or takes no position with respect to such tender or exchange offer; or (iv) if the Frontier Board negotiates or authorizes the conduct of negotiations (and five business days have elapsed without such negotiations being discontinued) with a third party regarding an acquisition proposal other than the merger;

then, Frontier shall pay to SPAH, an amount equal to $2,500,000.

Amendments and Waivers

The merger agreement may be amended by a subsequent writing signed by each of the parties upon the approval of each of SPAH and Frontier, whether before or after stockholder approval of the merger agreement has been obtained; *provided that* after any such approval by the holders of Frontier common stock, there shall be made no amendment that reduces or modifies in any respect the consideration to be received by holders of Frontier common stock.

Prior to or at the effective time of the merger, either SPAH or Frontier may waive any default in the performance of any term of the merger agreement by the other party, may waive or extend the time for the fulfillment by the other party of any of its obligations under the merger agreement, and may waive any of the conditions precedent to the obligations of such party under the merger agreement, except any condition that, if not satisfied, would result in the violation of an applicable law.

On August 10, 2009, SPAH and Frontier entered into Amendment No. 1 to Agreement and Plan of Merger. The Amendment reduced the number of Directors who will serve on the Board of Directors of each of SPAH and Frontier Bank from seven (7) to five (5) and also changed the composition of the Board of Directors of each of SPAH and Frontier Bank.

THE SPECIAL MEETING OF SPAH STOCKHOLDERS

General

The SPAH Board is providing this joint proxy statement/prospectus to you in connection with its solicitation of proxies for use at the special meeting of SPAH s stockholders and at any adjournments or postponements of the special meeting.

Your vote is important. Please complete, date and sign the accompanying proxy card and return it in the enclosed, postage prepaid envelope. If your shares are held in street name, you should instruct your broker how to vote by following the directions provided by your broker.

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Meeting Date, Time, and Place and Record Date

SPAH will hold the special meeting on October 8, 2009 at 11:00 a.m., local time, at the offices of Olshan Grundman Frome Rosenzweig & Wolosky LLP, at Park Avenue Tower, 65 East 55th Street, New York, New York 10022. Only holders of SPAH common stock of record at the close of business on September 17, 2009, the SPAH record date, will be entitled to receive notice of and to vote at the special meeting. As of the record date, there were 54,112,000 shares of SPAH common stock outstanding and entitled to vote, with each such share entitled to one vote.

Matters to Be Considered

At the special meeting, SPAH s stockholders will be asked:

(1) To consider and vote upon a proposal to adopt an amendment to the SPAH Certificate of Incorporation to eliminate the requirement that the fair market value of the target business equal at least 80% of the balance of SPAH s trust account, to be effective immediately prior to the consummation of the merger described below;

(2) To consider and vote upon a proposal to adopt an amendment to the SPAH Certificate of Incorporation to provide that SPAH cannot consummate the merger unless up to at least 10% (minus one share) but no more than 30% (minus one share) of SPAH public stockholders are able to exercise their conversion rights, to be effective immediately prior to the consummation of the merger described below;

(3) To consider and vote upon a proposal to adopt the merger agreement, pursuant to which Frontier will merge with and into SPAH;

(4) To consider and vote upon a proposal to adopt an amendment to the SPAH Certificate of Incorporation to change SPAH s corporate name to Frontier Financial Corporation, to be effective upon consummation of the merger;

(5) To consider and vote upon a proposal to adopt an amendment to the SPAH Certificate of Incorporation to permit SPAH s continued existence after October 10, 2009, to be effective upon consummation of the merger;

(6) To consider and vote upon a proposal to adopt an amendment to the SPAH Certificate of Incorporation to create a new class of common stock of SPAH (Non-Voting Common Stock) to have economic rights but no voting rights, to be effective upon consummation of the merger; and

(7) To consider and vote upon a proposal to elect to the Board of Directors of SPAH, Warren G. Lichtenstein, who will serve as Chairman of the Board, and, if the merger is consummated, four directors from Frontier, comprised of Patrick M. Fahey, Lucy DeYoung, Mark O. Zenger and David M. Cuthill, each of whom currently serve on the Board of Directors of Frontier, in each case to serve until the next annual meeting of SPAH and until their successors shall have been elected and qualified.

(8) To consider and vote upon such other business as may properly come before the special meeting or any adjournment thereof.

If the requisite approval is received (as discussed below), the Initial Charter Amendments will be filed with the Delaware Secretary of State immediately upon their approval and prior to the stockholders consideration of the merger proposal at the special meeting of stockholders. Accordingly, the merger proposal will only be presented for a vote at the special meeting if (i) the Initial Charter Amendments are approved by SPAH stockholders and (ii) the warrant agreement proposal is approved at the special meeting of SPAH warrantholders to be held immediately prior to this special meeting of stockholders. The Subsequent Charter Amendments and the election of the Frontier nominees will only be effected in the event and at the time the merger with Frontier is consummated, although approval of the Subsequent Charter Amendments is a condition to closing the merger. The election of Mr. Lichtenstein does not require the approval of any other proposals to be effective.

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Since SPAH s initial public offering prospectus did not disclose that SPAH would seek approval of the Initial Charter Amendments and the New Class Proposal, each SPAH stockholder at the time of the merger that purchased shares in, or subsequent to, SPAH s initial public offering up to and until the record date, may have securities law claims against SPAH for rescission or damages. See The Merger and the Merger Agreement Rescission Rights for additional information.

Each copy of this joint proxy statement/prospectus mailed to SPAH stockholders is accompanied by a proxy card for use at the special meeting.

Vote Required

Initial Charter Amendments. The SPAH Certificate of Incorporation purports to prohibit amendments to certain of its provisions, including the proposed Initial Charter Amendments, without the unanimous consent of the holders of all of SPAH s outstanding shares of common stock. However, SPAH believes, and has received an opinion from its special Delaware counsel that while the matter has not been settled as a matter of Delaware law and, accordingly, is not entirely free from doubt, the Initial Charter Amendments, if duly approved by a majority of the shares of SPAH s outstanding common stock entitled to vote at the special meeting, will be valid under Delaware law.

Subsequent Charter Amendments: Adoption of the Subsequent Charter Amendments requires the affirmative vote of a majority of the shares of SPAH s outstanding common stock entitled to vote at the special meeting.

Merger Agreement. Adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of SPAH common stock entitled to vote at the special meeting. The SPAH Certificate of Incorporation also requires that the holders of a majority of SPAH s outstanding shares of common stock issued in SPAH s initial public offering are voted, in person or by proxy, in favor of the merger and that such SPAH public stockholders owning no more than 30% (minus one share) of the shares sold in SPAH s initial public offering vote against the merger and thereafter exercise their conversion rights as described below. If Proposal No. 2 is approved and adopted, it is a condition to closing the merger agreement that holders of no more than 10% of the shares (minus one share) sold in SPAH s initial public offering vote against the merger and exercise their conversion rights, although at SPAH s discretion, this closing condition may be waived in order to consummate the merger. Accordingly, SPAH may not consummate the merger if 10% or more of the holders of shares sold in or subsequent to SPAH s initial public offering elect to exercise their conversion rights. If SPAH elects to waive this closing condition, it may raise the conversion threshold to anywhere between 10% to 30% (minus one share). SPAH does not believe it will raise the conversion threshold and currently intends only to raise the conversion threshold if it believes that the combined entity will have sufficient Tier 1 capital to return to compliance levels.

Election of Directors. Directors will be elected by a plurality of the votes cast by stockholders present in person or represented by proxy and entitled to vote at the special meeting.

On the record date, there were 54,112,000 outstanding shares of SPAH common stock, each of which is entitled to one vote at the special meeting. On the record date, the SPAH insiders beneficially owned a total of approximately 20% of the outstanding shares of SPAH common stock. The SPAH insiders have agreed to vote all of their founder s shares either for or against the merger proposal consistent with the majority of the votes cast on the merger by the SPAH public stockholders. To the extent any SPAH insider has acquired shares of SPAH common stock in, or subsequent to, SPAH s initial public offering, such insider has agreed to vote these acquired shares in favor of the merger proposal. As of the date hereof, none of the SPAH insiders own any shares sold in, or subsequent to, the SPAH initial public offering. The SPAH insiders have further indicated that they will vote their shares in favor of the adoption of the amendments to the SPAH Certificate of Incorporation and for the election of each of the director nominees to the SPAH Board. While the founder s shares voted by the SPAH insiders will count towards the voting and quorum

requirements under Delaware law, they will not count towards the voting requirement under the SPAH Certificate of Incorporation because the founder s shares were not issued in SPAH s initial public offering. As described elsewhere in this joint proxy statement/prospectus, pursuant to a plan of reorganization, SP II has contributed certain assets, including its shares of SPAH common stock and warrants, to the Steel Trust. The trust has agreed to assume all of SP II s rights and obligations with respect to these shares and warrants, including to vote in accordance with the foregoing.

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Upon consummation of the merger, SP Acq LLC has agreed to forfeit 8,987,883 of the 9,653,412 founder s shares it owns and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker have agreed to forfeit an aggregate of 465,530 of the 500,000 founder s shares they own.

Voting

Stockholders may vote their shares:

by attending the special meeting and voting their shares in person, or

by completing the enclosed proxy card, signing and dating it and mailing it in the enclosed post-prepaid envelope.

Stockholders who have their shares in street name , meaning the name of a broker or other nominee who is the record holder, must either direct the record holder of their shares to vote their shares or obtain a proxy from the record holder to vote their shares at the special meeting.

Quorum

The presence in person or representation by proxy, of shares of SPAH common stock representing a majority of SPAH outstanding shares entitled to vote at the special meeting is necessary in order for there to be a quorum at the special meeting. A quorum must be present in order for the vote on the merger agreement, the amendments to the SPAH Certificate of Incorporation and the nominees for director. If there is no quorum present at the opening of the meeting, the special meeting may be adjourned by the vote of a majority of the shares of SPAH common stock, present in person or represented by proxy and entitled to vote at the special meeting.

Voting of Proxies

Shares of common stock represented by properly executed proxies received at or prior to the special meeting will be voted at the special meeting in the manner specified by the holders of such shares. If you are a stockholder of record (that is, you hold stock certificates registered in your own name), you may vote by following the instructions described on your proxy card. If your shares are held in nominee or street name, you will receive separate voting instructions from your broker or nominee with your proxy materials. If you hold your shares in street name, you can either obtain physical delivery of the shares directly into your name, and then vote your shares yourself, or request a legal proxy directly from your broker and bring it to the special meeting, and then vote your shares yourself. In order to obtain shares directly into your name, you must contact your brokerage house representative. Brokerage firms may assess a fee for your conversion; the amount of such fee varies.

Properly executed proxies that do not contain voting instructions will be voted **FOR** the Initial Charter Amendments, **FOR** the approval of the merger agreement, **FOR** the approval of the Subsequent Charter Amendments and **FOR** the election of directors to the SPAH Board.

Shares of any stockholder present in person or represented by proxy (including broker non-votes, which generally occur when a broker who holds shares in street name for a customer does not have the authority to vote on certain non-routine matters because its customer has not provided any voting instructions with respect to the matter) at the special meeting who abstains from voting will be counted for purposes of determining whether a quorum exists.

Abstaining from voting (including by way of a broker non-vote), either in person or by proxy, will have the same effect as a vote against the adoption of the merger agreement and adoption of the amendments to the

SPAH Certificate of Incorporation, but will have no effect on the vote relating to the election of directors. An abstention will not be considered a vote against the merger proposal, and, if you abstain, you will be unable to exercise any conversion rights. Accordingly, the SPAH Board urges its stockholders to complete, date and sign the accompanying proxy card and return it promptly in the enclosed, postage-paid envelope.

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Revocability of Proxies

The grant of a proxy on the enclosed proxy card does not preclude you from voting in person or otherwise revoking your proxy. If you are a stockholder of record, there are a number of ways you can change your vote. First, you may send a written notice to the person to whom you submitted your proxy stating that you would like to revoke your proxy. Second, you may complete and submit a later dated proxy with new voting instructions. Third, you may attend the special meeting and vote in person. The latest vote actually received by SPAH prior to or at the special meeting will be your vote. Any earlier votes will be revoked. Simply attending the special meeting without voting, however, will not revoke your proxy.

If you have instructed a broker to vote your shares, you must follow the directions you will receive from your broker to change or revoke your proxy.

Solicitation of Proxies

SPAH will pay all of the costs of filing the registration statement with the SEC (of which this joint proxy statement/prospectus is a part) and of soliciting proxies in connection with the special meeting of stockholders as well as the special meeting of warrantholders. SPAH will also pay the costs associated with printing the copies of this joint proxy statement/prospectus that are sent to SPAH stockholders and the mailing fees associated with mailing this joint proxy statement/prospectus to SPAH stockholders. Solicitation of proxies may be made in person or by mail, telephone, or other electronic means, or other form of communication by directors, officers, and stockholders of SPAH who will not be specially compensated for such solicitation. In addition, SPAH has engaged Morrow & Co., LLC as its proxy solicitation firm. Such firm will be paid a flat-fee of approximately $27,500 plus solicitation and out of pocket expenses. However, under no circumstances will this fee be increased or reduced as a result of the number of affirmative proxies granted to management or the outcome of any of the Initial Charter Amendments or Subsequent Charter Amendments. Banks, brokers, nominees, fiduciaries, and other custodians will be requested to forward solicitation materials to beneficial owners and to secure their voting instructions, if necessary, and will be reimbursed for the expenses incurred in sending proxy materials to beneficial owners.

SPAH, Frontier and their respective directors and executive officers, may be deemed to be participants in the solicitation of proxies. The underwriters of SPAH s initial public offering may provide assistance to SPAH, Frontier and their respective directors and executive officers, and may be deemed to be participants in the solicitation of proxies. Approximately $17.3 million of the underwriters fees relating to SPAH s initial public offering were deferred pending stockholder approval of SPAH s initial business combination, and stockholders are advised that the underwriters have a financial interest in the successful outcome of the proxy solicitation. SPAH is in negotiation with its underwriters regarding the amount and form of payment of such deferred underwriting fees from SPAH s initial public offering. As of the date hereof, SPAH has negotiated the reduction of underwriting fees by approximately $3.65 million and SPAH will continue to negotiate a further reduction of such fees until a mutual settlement can be reached. The results of these negotiations are uncertain since the underwriters can discontinue negotiations with SPAH at any time and require the full amount of their fees payable upon consummation of the merger.

No person is authorized to give any information or to make any representation not contained in this joint proxy statement/prospectus and, if given or made, such information or representation should not be relied upon as having been authorized by SPAH, Frontier, or any other person. The delivery of this joint proxy statement/prospectus does not, under any circumstances, create any implication that there has been no change in the business or affairs of SPAH or Frontier since the date of this joint proxy statement/prospectus.

Conversion Rights of SPAH Stockholders

Pursuant to the SPAH Certificate of Incorporation, if you hold shares of common stock issued in SPAH s initial public offering (whether such shares were acquired pursuant to such initial public offering or afterwards up to and until the record date), then you have the right to vote against the merger proposal and demand that SPAH convert such shares into cash equal to a pro rata share of the aggregate amount then on deposit in the trust account in which a substantial portion of the net proceeds of SPAH s initial public offering are held (before payment of deferred underwriting discounts and commissions and including interest earned on their pro rata portion of the trust account,

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net of income taxes payable on such interest and net of interest income of $3.5 million on the trust account balance previously released to SPAH to fund its working capital requirements). If demand is properly made immediately prior to the merger, shares will cease to be outstanding and will represent only the right to receive a pro-rata portion of the trust account plus interest.

As of September 17, 2009, there was approximately $426,253,057 in SPAH s trust account (including accrued interest on the funds in the trust account and excluding an estimated tax overpayment due to SPAH, which totaled $621,905 as of June 30, 2009), or approximately $9.85 per share issued in the initial public offering. The actual per share conversion price will differ from the $9.85 per share due to any interest earned on the funds in the trust account since September 17, 2009, and any taxes payable in respect of interest earned thereon. The actual per share conversion price will be calculated as of two business days prior to the consummation of the merger, divided by the number of shares sold in the initial public offering.

You may request conversion at any time after the mailing of this joint proxy statement/prospectus and prior to the vote taken with respect to the merger proposal at the special meeting, but the request will not be granted unless you vote against the merger and the merger is approved and completed. If the merger is not consummated, no shares will be converted to cash through the exercise of conversion rights. Prior to exercising your conversion rights you should verify the market price of SPAH common stock. You may receive higher proceeds from the sale of your common stock in the public market than from exercising your conversion rights, if the market price per share is higher than the amount of cash that you would receive upon exercise of your conversion rights.

If you wish to exercise your conversion rights, you must:

- affirmatively vote against the merger proposal in person or by submitting your proxy card before the vote on the merger proposal and checking the box that states Against for the merger proposal;
- either:
  - check the box that states I HEREBY EXERCISE MY CONVERSION RIGHTS on the proxy card; or
  - send a letter to SPAH s transfer agent, Continental Stock Transfer & Trust Company, at 17 Battery Place, 8th Floor, New York, NY 10004, attn: Mark Zimkind, stating that you are exercising your conversion rights and demanding your shares of SPAH common stock be converted into cash; and
- either:
  - physically tender, or if you hold your shares of SPAH common stock in street name, cause your broker to physically tender, your stock certificates representing shares of SPAH common stock to SPAH s transfer agent; or
  - deliver your shares electronically using the Depository Trust Company s DWAC (Deposit/Withdrawal At Custodian) System, to SPAH s transfer agent, in either case by October 8, 2009 or such other later date if the special meeting of SPAH stockholders is adjourned or postponed.

Accordingly, a SPAH stockholder would have from the time we send out this joint proxy statement/prospectus through the vote on the merger to deliver his or her shares if he or she wishes to seek to exercise his or her conversion rights.

The DWAC delivery process can be accomplished, whether you are a record holder or your shares are held in street name, within a day, by simply contacting the transfer agent or your broker and requesting delivery of your shares through the DWAC System. There is a nominal cost associated with this tendering process and the act of certificating the shares or delivering them through the DWAC system. The transfer agent will typically charge the stockholder or the tendering broker $45, and your broker may or may not pass this cost on to you.

Taking any action that does not include an affirmative vote against the merger, including abstaining from voting on the merger proposal, will prevent you from exercising your conversion rights. However, voting against the merger proposal does not obligate you to exercise your conversion rights. In addition, if you do not properly exercise your conversion rights (as outlined above), you will not be able to convert your shares of common stock into cash at the conversion price.

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Any request to exercise your conversion rights, once made, may be withdrawn at any time up to immediately prior to the vote on the merger proposal at the special meeting (or any adjournment or postponement thereof). If you (1) initially vote for the merger proposal but then wish to vote against it and exercise your conversion rights or (2) initially vote against the merger proposal and wish to exercise your conversion rights but do not check the box on the proxy card providing for the exercise of your conversion rights or do not send a written request to SPAH s transfer agent to exercise your conversion rights, or (3) initially vote against the merger proposal but later wish to vote for it, you may request SPAH s transfer agent to send you another proxy card on which you may indicate your intended vote and, if that vote is against the merger proposal, exercise your conversion rights by checking the box provided for such purpose on the proxy card. You may make such request by contacting Continental Stock Transfer & Trust Company at 17 Battery Place, 8th Floor, New York, NY 10004, attn: Mark Zimkind. Any corrected or changed proxy card or written demand of conversion rights must be received by Continental Stock Transfer & Trust Company prior to the special meeting.

Please note, however, that once the vote on the merger proposal is held at the special meeting, you may not withdraw your request to exercise your conversion rights and request the return of your shares. If the merger is not consummated, your shares will be automatically returned to you.

In connection with the vote to approve the merger, SPAH stockholders may elect to vote a portion of their shares for and a portion of their shares against the merger. If the merger is approved and consummated, SPAH stockholders who elected to convert the portion of their shares voted against the merger will receive the conversion price with respect to those shares and may retain any other shares they own.

If you properly exercise your conversion rights, then you will be exchanging your shares of SPAH common stock for cash equal to a pro rata portion of the SPAH trust account and will no longer own these shares. SPAH anticipates that the funds to be distributed to SPAH stockholders entitled to convert their shares who elect conversion will be distributed promptly after completion of the merger.

Submission of SPAH Stockholders Proposals

The SPAH Bylaws provide that nominations of persons for election to the SPAH Board may be made at any annual meeting of stockholders, or at any special meeting of stockholders called for the purpose of electing directors, by any stockholder of SPAH who is a stockholder of record on the date notice of the meeting is given and on the record date for the determination of stockholders entitled to vote at such meeting and who complies with the notice procedures set forth in the SPAH Bylaws. To be timely, a stockholder s notice to SPAH s Secretary must be delivered to or mailed and received at the principal executive offices of SPAH (a) in the case of an annual meeting, not later than the close of business on the ninetieth (90th) day, nor earlier than the close of business on the one hundred twentieth (120th) day, prior to the date of the anniversary of the previous year s annual meeting; provided, however, that in the event that no annual meeting was held in the previous year or the annual meeting is scheduled to be held on a date more than thirty (30) days prior to or delayed by more than sixty (60) days after such anniversary date, notice by the stockholder in order to be timely must be received not later than the later of the close of business ninety (90) days prior to the annual meeting or the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made and (b) in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever occurs first.

The SPAH Bylaws also require that for business to be properly brought before an annual meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to SPAH s Secretary. To be timely, a stockholder s notice to the Secretary must be delivered to or mailed and received at SPAH s principal executive offices

not later than the close of business on the ninetieth (90th) day, nor earlier than the close of business on the one hundred twentieth (120th) day, prior to the date of the anniversary of the previous year s annual meeting; provided, however, that in the event that no annual meeting was held in the previous year or the annual meeting is scheduled to be held on a date more than thirty (30) days prior to or delayed by more than sixty (60) days after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the later of the close of business ninety (90) days prior to the annual meeting or the tenth (10th) day following the day on which

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such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made.

Recommendation of the SPAH Board

The SPAH Board has unanimously determined that the proposals and the transactions contemplated thereby are in the best interests of SPAH and its stockholders. The members of the SPAH Board unanimously recommend that the SPAH stockholders vote at the special meeting to adopt the merger agreement, adopt the amendments to the SPAH Certificate of Incorporation and elect all of the director nominees to the SPAH Board.

SPAH s stockholders should note that SPAH s directors and officers have certain interests in, and may derive benefits as a result of, the merger that are in addition to their interests as stockholders of SPAH. See The Merger and the Merger Agreement Interests of SPAH s Directors and Officers and Others in the Merger.

PROPOSALS TO BE CONSIDERED BY SPAH STOCKHOLDERS

Proposal Nos. 1 and 2: Initial Charter Amendments

Proposal No. 1. SPAH is proposing to amend the SPAH Certificate of Incorporation to revise the definition of an initial business combination and to eliminate the requirement that the fair market value of the target business equal at least 80% of the balance of SPAH s trust account (excluding underwriting discounts and commissions) plus the proceeds of the co-investment. An initial business combination is defined in the SPAH Certificate of Incorporation as follows:

An Initial Business Combination shall mean the acquisition by the Corporation, through a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or other similar business combination or transaction or transactions, of one or more businesses or assets (the Target Business or Target Businesses) having, individually or collectively, a fair market value equal to at least 80% of sum of the balance in the Trust Account (excluding deferred underwriting discounts and commissions of $16,000,000 or $18,400,000 if the underwriters over-allotment option is exercised in full) plus the proceeds of the co-investment of $30,000,000 by the Steel Trust at the time of such acquisition and resulting in ownership by the Corporation of at least 51% of the voting equity interests of the Target Business or Businesses and control by the Corporation of the majority of any governing body of the Target Business or Businesses. Any acquisition of multiple Target Businesses shall occur simultaneously.

Fair market value for purposes of this Article Sixth shall be determined by the Board of Directors of the Corporation based upon financial standards generally accepted by the financial community, such as actual and potential gross margins, the values of comparable businesses, earnings and cash flow, and book value. If the Corporation s Board of Directors is not able to determine independently that the Target Business or Businesses has a sufficient fair market value to meet the threshold criterion, it will obtain an opinion in that regard from an unaffiliated, independent investment banking firm that is a member of the National Association of Securities Dealers, Inc. The Corporation is not required to obtain an opinion from an investment banking firm as to the fair market value of the Target Business or Businesses if its Board of Directors independently determines that the Target Business or Businesses have sufficient fair market value to meet the threshold criterion.

Because the fair market value of Frontier on the date of the transaction is less than 80% of the balance of the trust account (excluding underwriting discounts and commissions) plus the proceeds of the co-investment, the proposed transaction does not meet the requirements as set forth above. Accordingly, SPAH must amend the SPAH Certificate of Incorporation immediately prior to the presentation of the merger proposal to provide SPAH stockholders the opportunity to vote on the merger.

Proposal No. 2. SPAH is proposing to amend the SPAH Certificate of Incorporation to provide that SPAH cannot consummate the merger unless up to at least 10% (minus one share) but no more than 30% (minus one share) of SPAH public stockholders are able to exercise their conversion rights. The SPAH Certificate of Incorporation in its current form prohibits SPAH from consummating an initial business combination in which SPAH public stockholders owning less than 30% (minus one share) are unable to elect conversion. However, SPAH has made it a

condition to closing the merger agreement that holders of no more than 10% of the shares (minus one share) sold in SPAH s initial public offering vote against the merger and exercise their conversion rights in order to ensure that the combined company immediately following the consummation of the merger has sufficient Tier 1 capital to return to compliance levels. Accordingly, SPAH must amend the SPAH Certificate of Incorporation immediately prior to presenting the merger proposal for a vote at the special meeting of stockholders to provide for this closing condition.

The SPAH Certificate of Incorporation purports to prohibit amendments to certain of its provisions, including the proposed Initial Charter Amendments, without the unanimous consent of the holders of all of SPAH s outstanding shares of common stock. The prospectus issued by SPAH in its initial public offering however stated that SPAH had been advised that such provision limiting its ability to amend the SPAH Certificate of Incorporation without unanimous consent may not be enforceable under Delaware law. SPAH believes that the proposed merger is an extremely attractive opportunity in the current market environment and therefore, SPAH public stockholders should be given the opportunity to consider the business combination. In considering the Initial Charter Amendments, the SPAH Board came to the conclusion that the potential benefits of the proposed merger with Frontier to SPAH and its stockholders outweighed the possibility of any liability described below as a result of this amendment being approved. SPAH is offering holders of up to 10% (minus one share) sold in SPAH s initial public offering, the ability to affirmatively vote such shares against the merger proposal and demand that such shares be converted into a pro rata portion of the trust account. Accordingly, SPAH believes that the Initial Charter Amendments are consistent with the spirit in which SPAH offered its securities to the public.

SPAH has also received an opinion from special Delaware counsel, Morris James LLP concerning the validity of the Initial Charter Amendment. SPAH did not request Morris James LLP to opine on whether the clause currently contained in Article Sixth of the SPAH Certificate of Incorporation prohibiting amendment of Article Sixth prior to consummation of an initial business combination without the unanimous consent of stockholders was valid when adopted and does not intend on seeking advice of counsel on that question from any other source. Morris James LLP concluded in its opinion, based upon the analysis set forth therein and its examination of Delaware law, and subject to the assumptions, qualifications, limitations and exceptions set forth in its opinion, that While the matter has not been settled as a matter of Delaware law and, accordingly, is not entirely free from doubt...the Amendment, if duly adopted by the Board of Directors of the Corporation and duly approved by the holders of a majority of the outstanding shares of capital stock of the Corporation in accordance with the General Corporation Law, would be valid under the General Corporation Law. A copy of Morris James LLP s opinion is included as Annex F to this joint proxy statement/prospectus, and stockholders are urged to review it in its entirety.

Because the SPAH Certificate of Incorporation in its current form does not allow for SPAH to complete the proposed merger, each SPAH public stockholder at the time of the merger who purchased his or her shares in the initial public offering or afterwards up to and until the record date, may have securities law claims against SPAH for rescission (under which a successful claimant has the right to receive the total amount paid for his or her securities pursuant to an allegedly deficient prospectus, plus interest and less any income earned on the securities, in exchange for surrender of the securities) or damages (compensation for loss on an investment caused by alleged material misrepresentations or omissions in the sale of a security).

Such claims may entitle stockholders asserting them to up to $10.00 per share, based on the initial offering price of the units sold in SPAH s initial public offering, each comprised of one share of common stock and a warrant to purchase an additional share of common stock, less any amount received from the sale or fair market value of the original warrants purchased as part of the units, plus interest from the date of SPAH s initial public offering. In the case of SPAH public stockholders, this amount may be more than the pro rata share of the trust account to which they are entitled upon exercise of their conversion rights or liquidation of SPAH.

In general, a person who contends that he or she purchased a security pursuant to a prospectus which contains a material misstatement or omission must make a claim for rescission within the applicable statute of limitations period, which, for claims made under Section 12 of the Securities Act and some state statutes, is one year from the time the claimant discovered or reasonably should have discovered the facts giving rise to the claim, but not more than three years from the occurrence of the event giving rise to the claim. A successful claimant for damages under federal or state law could be awarded an amount to compensate for the decrease in value of his or her shares caused by the alleged violation (including, possibly, punitive damages), together with interest, while retaining the shares.

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Claims under the anti-fraud provisions of the federal securities laws must generally be brought within two years of discovery, but not more than five years after occurrence. Rescission and damages claims would not necessarily be finally adjudicated by the time the merger is completed, and such claims would not be extinguished by consummation of that transaction.

Even if you do not pursue such claims, others, who may include all other SPAH public stockholders, may do so. Neither SPAH nor Frontier can predict whether stockholders will bring such claims or whether such claims would be successful.

If the Initial Charter Amendments are approved, SPAH will present the other proposals to stockholders and warrantholders for their approval. If all of such proposals are approved, the following will occur:

SPAH will file a certificate of amendment to the SPAH Certificate of Incorporation, substantially in the form attached as Annex B, with the Secretary of State of the State of Delaware to amend Article Sixth to:

(1) amend the definition of a Initial Business Combination as set forth below and to delete all references to fair market value :

An Initial Business Combination shall mean the acquisition by the Corporation, through a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or other similar business combination or transaction or transactions, of one or more businesses or assets (the Target Business or Target Businesses), resulting in ownership by the Corporation of more than 50% of the voting equity interests of the Target Business or Businesses and control by the Corporation of the majority of any governing body of the Target Business or Businesses. Any acquisition of multiple Target Businesses shall occur simultaneously ; and

(2) amend Paragraph A of Article SIXTH as set forth below:

Prior to the consummation of any Initial Business Combination, the Corporation shall submit the Initial Business Combination to its stockholders for approval regardless of whether the Initial Business Combination is of a type that normally would require such stockholder approval under the DGCL. In addition to any other vote of stockholders of the Corporation required under applicable law or listing agreement, the Corporation may consummate the Initial Business Combination only if approved by a majority of the IPO Shares voted at a duly held stockholders meeting in person or by proxy, and stockholders owning no more than 30% (minus one share) of the IPO Shares vote against the business combination and exercise their conversion rights described in paragraph C below. The Corporation shall not seek to consummate any Initial Business Combination unless stockholders owning at least 10% (minus one share) of the IPO Shares are able to elect conversion pursuant to the provisions of paragraph C below.

Immediately after the filing of such certificate of amendment, SPAH will be authorized to complete the proposed merger. Thereafter, SPAH will look to satisfy all necessary conditions to closing the merger.

Once all conditions to closing the transaction are satisfied, SPAH will file all necessary documents with the Secretary of State of the State of Delaware to effectuate the merger.

If the Initial Charter Amendments are not approved, the remaining proposals will not be submitted to stockholders and warrantholders for their approval.

Board Recommendation

THE SPAH BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ADOPTION OF THE INITIAL CHARTER AMENDMENTS.

Proposal No. 3: The Merger Agreement

As discussed elsewhere in this joint proxy statement/prospectus, SPAH stockholders are considering and voting to adopt the merger agreement. SPAH stockholders should read carefully this joint proxy statement/prospectus in its entirety for more detailed information concerning the merger agreement and the merger. In

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particular, SPAH stockholders are directed to the merger agreement which is attached as Annex A to this joint proxy statement/prospectus.

THE SPAH BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT.

Proposal No. 4: The Subsequent Charter Amendments

Name Change Proposal

If the merger agreement is approved and adopted by SPAH stockholders, SPAH is proposing to amend Article FIRST of the SPAH Certificate of Incorporation to change SPAH s corporate name from SP Acquisition Holdings, Inc. to Frontier Financial Corporation. The reason for this amendment is that, in the event of a merger with Frontier, SPAH s current name will not accurately reflect its business operations. Accordingly, the SPAH Board believes that changing its name to Frontier Financial Corporation in connection with the merger will better reflect its business operations upon completion of the merger.

Existing SPAH stockholders will not be required to exchange outstanding stock certificates for new stock certificates if the amendment is adopted.

Continued Existence Proposal

If the merger agreement is approved and adopted by SPAH stockholders, SPAH is proposing to amend Article FOURTH of the SPAH Certificate of Incorporation to permit SPAH s continued corporate existence after October 10, 2009. Pursuant to the SPAH Certificate of Incorporation, SPAH must submit a proposal to amend the SPAH Certificate of Incorporation to permit SPAH s continued corporate existence at the same time SPAH submits a proposal to stockholders to approve an initial business combination. In addition, continued existence is the usual period of existence for most corporations.

New Class Proposal

If the merger agreement is approved and adopted by SPAH stockholders, SPAH is proposing to amend Article FIFTH of the SPAH Certificate of Incorporation to create a new class of common stock, the Non-Voting Common Stock, that may be issued to stockholders and/or warrantholders, following the consummation of the merger, so that a stockholder or warrantholder, in its election, may, for example, remain below the ownership threshold which would subject them to regulation as a bank holding company as described below.

The terms of the Non-Voting Common Stock are identical to the terms of SPAH s voting common stock except that the Non-Voting Common Stock have no voting rights and holders of such Non-Voting Common Stock may transfer shares of such Non-Voting Common Stock to a transferee who is unaffiliated with such holder, and such transferee may convert their shares into an equal number of shares of voting common stock, if such conversion is in connection with (i) a transfer that is part of an underwritten public offering of voting common stock, (ii) a transfer that is part of a private placement of voting common stock in which no one party acquires the rights to purchase in excess of 2% of the voting common stock then outstanding, (iii) a transfer of voting common stock not requiring registration under the Securities Act, in reliance on Rule 144 thereunder in which no one party acquires in excess of 2% of the voting common stock then outstanding, (iv) a transaction approved by the Federal Reserve, or (v) a transfer to a person that would control more than 50% of the voting securities of SPAH as defined by the Federal Reserve without giving effect to such transfer. In connection with the creation of the new class of Non-Voting Common Stock, the SPAH Certificate of Incorporation would also be amended so that unless a stockholder of SPAH s voting common stock

registers with the Federal Reserve as a bank holding company, (i) each stockholder that owns, controls, or has the power to vote, for purposes of the BHC Act, or the CIBC Act, and any rules and regulations promulgated thereunder, 10% or more of the voting common stock of SPAH outstanding at such time, shall have all shares of such stockholder s voting common stock in excess of 10% (minus one share) automatically converted into an equal number of shares of Non-Voting Common Stock, and (ii) with respect to SP Acq LLC and certain of its officers and directors, SP II and the Steel Trust, if at any time such parties own, control, or have the power to vote, for purposes of the BHC Act, or the CIBC Act, and any rules and regulations promulgated thereunder,

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5% or more of SPAH s voting common stock outstanding at such time, SPAH shall automatically convert all such shares of voting common stock in excess of 5% (minus one share) into an equal number of shares of Non-Voting Common Stock.

Under the BHC Act, a company that directly or indirectly owns, controls or has the power to vote 25% or more of a class of voting stock of a bank or a bank holding company is a bank holding company for purposes of the BHC Act and is subject to regulation as a bank holding company as described in the section entitled Supervision and Regulation Federal Bank Holding Company Regulation. In addition, a company that directly or indirectly owns, controls or has the power to vote 10% or more, but less than 25%, of a class of voting stock of a bank or a bank holding company may be presumed to control the bank and/or bank holding company. If the presumption of control is not rebutted, the company is subject to the regulation as a bank holding company as described in the section entitled Supervision and Regulation Federal Bank Holding Company Regulation. The presumption of control may be rebutted by entering into a passivity agreement with the Federal Reserve, which contains specific terms to limit the ability to control the management and policies of the bank and/or bank holding company. A company that owns, controls or has the power to vote 10% or more, but less than 25%, of a class of voting stock of a bank or a bank holding company and that enters into a passivity agreement generally is not subject to regulation as a bank holding company. A company that directly or indirectly owns, controls or has the power to vote less than 10% of any class of voting stock of a bank or a bank holding company generally is not subject to regulation as a bank holding company.

Given these considerations, in order to permit investor flexibility, SPAH is also requesting warrantholder approval at a special meeting of warrantholders to amend the terms of the Warrant Agreement, and intends to amend the Founder s Agreements, to provide warrantholders with the option to receive either voting shares of SPAH common stock or shares of Non-Voting Common Stock in certain situations.

This Subsequent Charter Amendment is being proposed for the benefit of SP Acq LLC and its affiliates, including the Steel Trust, who otherwise would acquire more than 10% of the voting securities of SPAH upon the exercise of their initial founder s warrants, additional founder s warrants and co-investment warrants following the consummation of the merger as well as other significant warrantholders. However, all stockholders and/or warrantholders will be permitted to receive Non-Voting Common Stock at their election. If the warrant amendment proposal is approved by SPAH warrantholders at the special meeting of SPAH warrantholders, and unless a warrantholder registers with the Federal Reserve as a bank holding company, each warrantholder shall only be entitled to exercise its warrants for voting common stock of SPAH, (i) to the extent (but only to the extent) that such conversion or receipt would not cause or result in such holder, together with its affiliates, being deemed to own, control or have the power to vote, for purposes of the BHC Act, or the CIBC Act, and any rules and regulations promulgated thereunder, more than 10% (minus one share) of any class of voting common stock of SPAH outstanding at such time, provided, however, that with respect to SP Acq LLC and certain of its officers and directors, SP II and the Steel Trust, such parties will only be entitled to exercise their warrants for SPAH voting common stock, to the extent (but only to the extent) that such conversion or receipt would not cause or result in such persons and their affiliates, collectively, being deemed to own, control or have the power to vote, for purposes of the BHC Act, or the CIBC Act, and any rules and regulations promulgated thereunder, more than 5% (minus one share) of any class of SPAH voting common stock outstanding at such time, and (ii) to the extent any such exercise exceeds the limits in clause (i) above, for Non-Voting Common Stock, to the extent (but only to the extent) that such conversion or receipt would not cause or result in such holder and its affiliates, collectively, being deemed to own, control or have the power to vote, for purposes of the BHC Act or the CIBC Act, and any rules and regulations promulgated thereunder, more than one-third (minus one share) of the total equity of SPAH. SP Acq LLC and the Steel Trust have also separately agreed, pursuant to letter agreements with SPAH, to receive Non-Voting Common Stock upon exercise of their initial founder s warrants, additional founder s warrants and co-investment warrants following the consummation of the merger, as necessary in order to maintain an ownership level of voting common stock below 5% of the total outstanding shares of voting common stock. At their discretion, SP Acq LLC and/or the Steel Trust will convert such shares into voting common stock in accordance with the SPAH

Certificate of Incorporation, as amended by the Subsequent Charter Amendments and upon a distribution of the shares by Steel Trust to its beneficiaries, such shares will also be converted into voting common stock in accordance with the SPAH Certificate of Incorporation, as amended by the Subsequent Charter Amendments, subject to the conversion conditions set forth therein and discussed above.

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Approval of the Subsequent Charter Amendments is a condition to closing the merger.

Filing of Second Amended and Restated Certificate of Incorporation

Following the merger, the surviving corporation will file a second amended and restated certificate of incorporation substantially in the form attached as Annex C to this joint proxy statement/prospectus, incorporating the amendments being considered by SPAH stockholders at the special meeting, assuming they are adopted.

Board Recommendation

THE SPAH BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ADOPTION OF THE SUBSEQUENT CHARTER AMENDMENTS.

Proposal No. 5: The Election of Directors

General

The SPAH Bylaws provides for a board not less than one (1) nor more than nine (9) directors and authorizes the Board to determine from time to time the number of directors within that range that will constitute the board. The SPAH Board has fixed the number of directors to be elected at the special meeting at five (5), in the event the merger is consummated. If the merger is not consummated, the SPAH Board will be fixed at one (1).

The SPAH Board has proposed the election of Warren G. Lichtenstein as a director at the special meeting. If the merger is consummated, the SPAH Board has also proposed four director nominees from Frontier for election as directors at the special meeting including, Patrick M. Fahey, Lucy DeYoung, Mark O. Zenger and David M. Cuthill, each of whom currently serve on the Frontier Board, with Mr. Lichtenstein to serve as Chairman of the Board. Each nominee elected as a director will continue in office until the next annual meeting of stockholders at which his or her successor has been elected, or until his or her resignation, removal from office, or death, whichever is earlier.

The SPAH Board believes Ms. DeYoung, and Messrs. Zenger and Cuthill are, and Mr. Lichtenstein will be following the consummation of the merger, independent directors as such term is defined in the rules of the NYSE AMEX LLC and Rule 10A-3 of the Exchange Act.

About the Nominees

Set forth below are the names and ages of the nominees for directors and their principal occupations at present and for the past five years. There are, to the knowledge of SPAH, no agreements or understandings by which these individuals were so selected. No family relationships exist between any directors or executive officers, as such term is defined in Item 402 of Regulation S-K promulgated under the Securities and Exchange Act of 1934, as amended (the Exchange Act). The information concerning the nominees set forth below is given as of June 30, 2009.

Warren G. Lichtenstein (Age 44) has been SPAH s Chairman of the Board, President and Chief Executive Officer since February 2007. Mr. Lichtenstein is the Chief Executive Officer of Steel Partners LLC, a global management firm. Steel Partners LLC is the manager of Steel Partners II, L.P. and Steel Partners Holdings L.P. Mr. Lichtenstein has been associated with Steel Partners LLC and its affiliates since 1990. Mr. Lichtenstein has been the Chairman of the Board and Chief Executive Officer of Steel Partners Holdings L.P., a global diversified holding company that engages or has interests in a variety of operating businesses through its subsidiary companies, since July 2009. Mr. Lichtenstein co-founded Steel Partners II, L.P. in 1993. He is also a Co-Founder of Steel Partners Japan Strategic Fund (Offshore), L.P., a private investment partnership investing in Japan, and Steel Partners China Access I LP, a

private equity partnership investing in China. Mr. Lichtenstein has served as a director of GenCorp Inc., a manufacturer of aerospace and defense products and systems with a real estate business segment, since March 2008. He was a director (formerly Chairman of the Board) of SL Industries, Inc., a designer and manufacturer of power electronics, power motion equipment, power protection equipment, and teleprotection and specialized communication equipment, from January 2002 to May 2008 and served as Chief Executive Officer from February 2002 to August 2005. He has served as Chairman of the Board of WHX Corporation, a holding company, since July 2005. He served as a director of the predecessor entity of Steel Partners Holdings L.P., from 1996 to June 2005, as Chairman and Chief Executive Officer from December 1997 to June 2005 and as President

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from December 1997 to December 2003. Prior to the formation of Steel Partners II, L.P. in 1993, Mr. Lichtenstein co-founded Steel Partners, L.P., an investment partnership, in 1990 and co-managed its business and operations. From 1988 to 1990, Mr. Lichtenstein was an acquisition/arbitrage analyst with Ballantrae Partners, L.P., which invested in risk arbitrage, special situations, and undervalued companies. From 1987 to 1988, he was an analyst at Para Partners, L.P., a partnership that invested in arbitrage and related situations. Mr. Lichtenstein has previously served as a director of the following companies: Alpha Technologies Group, Inc. (Synercom Technology), Aydin Corporation (Chairman), BKF Capital Group Inc., CPX Corp. (f/k/a CellPro, Incorporated), ECC International Corporation, Gateway Industries, Inc., KT&G Corporation, Layne Christensen Company, PLM International, Inc. Puroflow Incorporated, Saratoga Beverage Group, Inc., Synercom Technology, Inc., TAB Products Co., Tandycrafts Inc., Tech-Sym Corporation, United Industrial Corporation (Chairman) and U.S. Diagnostic Labs, Inc. Mr. Lichtenstein graduated from the University of Pennsylvania with a B.A. in Economics.

Patrick M. Fahey (Age 67) has over 40 years in the banking industry. He has been the Chairman of the Frontier Board, Chief Executive Officer of Frontier and the Chairman of the Frontier Bank Board since December 2008, and has been a director of Frontier and Frontier Bank since 2006. Prior to joining the Frontier Board in 2006, he was retired after leaving Wells Fargo Bank in 2004. From 2003 to 2004, Mr. Fahey was the Chairman of Regional Banking, Wells Fargo Bank. Prior to that, Mr. Fahey was the Chairman, President and Chief Executive Officer of Pacific Northwest Bank from 1988 to 2003. Mr. Fahey is a graduate of Seattle University, Pacific Coast Banking School, and the Management Program of the University Of Washington School Of Business.

Lucy DeYoung (Age 59) has been a director of Frontier and Frontier Bank since 1997. Ms. DeYoung has been the President of Simpson Hawley Properties, a real estate investment and management firm, since 2000. Ms. De Young is a graduate of the University of Puget Sound and Northwestern University, Kellogg School of Management.

Mark O. Zenger (Age 54) has been a director of Frontier and Frontier Bank since 2005. Mr. Zenger has been the President of First Western Investments, Inc., a hospitality, retail and other real estate investments firm, since 1993. Mr. Zenger is a graduate of University of Notre Dame.

David M. Cuthill (Age 48) has been a director of Frontier and Frontier Bank since 2006. Mr. Cuthill has been the Vice President Development of General Growth Properties, a real estate investment trust, since January 2007. Mr. Cuthill was employed as a director of Opus Northwest, LLC, a full-service real estate developer, from 2002 to January 2007. Mr. Cuthill is a graduate of the University of Washington and Seattle University School of Law.

Vote Required

In the event the merger is approved, directors will be elected by the plurality of the votes cast by stockholders present in person or represented by proxy and entitled to vote at the special meeting. The SPAH Certificate of Incorporation does not allow for cumulative voting. Votes cast for a nominee will be counted in favor of election. Abstentions and broker non-votes will not count either in favor of, or against, election of a nominee.

It is the intention of the persons named in the accompanying form of proxy to vote for the election of all director nominees, unless authorization to do so is withheld. Proxies cannot be voted for a greater number of persons than the number of directors set by the SPAH Board for election. If, prior to the special meeting, a nominee becomes unable to serve as a director for any reason, the proxy holders reserve the right to substitute another person of their choice in such nominee s place and stead. It is not anticipated that any nominee will be unavailable for election at the special meeting.

Board Recommendation

THE SPAH BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE DIRECTOR NOMINEES.

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THE SPECIAL MEETING OF SPAH WARRANTHOLDERS AND THE WARRANT AMENDMENT PROPOSAL

General

The SPAH Board is providing this joint proxy statement/prospectus to you in connection with its solicitation of proxies for use at the special meeting of SPAH s warrantholders and at any adjournments or postponements thereof.

Your vote is important. Please complete, date and sign the accompanying proxy card and return it in the enclosed, postage prepaid envelope. If your warrants are held in street name, you should instruct your broker how to vote by following the directions provided by your broker.

Meeting Date, Time and Place and Record Date

SPAH will hold the special meeting on October 8, 2009 at 10:00 a.m., local time, at the offices of Olshan Grundman Frome Rosenzweig & Wolosky LLP, at Park Avenue Tower, 65 East 55th Street, New York, New York 10022. Only holders of SPAH warrants of record at the close of business on September 17, 2009, the SPAH record date, will be entitled to receive notice of and to vote at the special meeting. As of the record date, there were 61,112,000 warrants outstanding and entitled to vote, with each such warrant entitled to one vote.

Matters to Be Considered

At the special meeting, SPAH s warrantholders will be asked to consider and vote upon a proposal to amend Sections 6(a), 6(d), 6(f), 11(c), 11(d), and 11(e) of the Warrant Agreement in connection with the consummation of the transactions contemplated by the merger agreement. The proposed amendment to the Warrant Agreement, to become effective upon consummation of the merger, will:

increase the exercise price of the warrants from $7.50 per share to $11.50 per share of SPAH common stock;

amend the warrant exercise period to (i) eliminate the requirement that the initial founder s warrants owned by the SPAH insiders become exercisable only after the consummation of an initial business combination if and when the last sales price of SPAH common stock exceeds $14.25 per share for any 20 trading days within a 30 trading day period beginning 90 days after such business combination and (ii) extend the expiration date of the warrants to the earlier of (x) seven years from the consummation of the merger or (y) the date fixed for redemption of the warrants set forth in the warrant agreement;

provide for the mandatory downward adjustment of the exercise price for each warrant to reflect any cash dividends paid with respect to the outstanding common stock of SPAH;

provide that no adjustment in the number of shares issuable upon exercise of each warrant will be made as a result of the issuance of SPAH shares and warrants to the shareholders of Frontier upon consummation of the merger agreement; and

provide that each warrant will entitle the holder thereof to purchase, in its sole discretion, either one share of voting common stock or one share of Non-Voting Common Stock.

At the special meeting, we may transact such other business as may properly come before the special meeting or any adjournments or postponements thereof. A copy of the Supplement and Amendment to Amended and Restated Warrant Agreement is attached as Annex D to this joint proxy statement/prospectus and is incorporated into this joint proxy statement/prospectus by reference.

Reasons for the Amendment

SPAH believes increasing the exercise price, extending the expiration date, providing for a mandatory downward adjustment of the exercise price under certain circumstances, and providing that no adjustment in the number of shares issuable upon exercise of the warrants will be made upon consummation of the merger, is appropriate given the change in structure of SPAH following completion of the merger. In addition, SPAH is proposing to amend the warrant exercise period to eliminate the requirement that the initial founder s warrants

owned by the SPAH insiders become exercisable only after the consummation of an initial business combination if and when the last sales price of SPAH common stock exceeds $14.25 per share for any 20 trading days within a 30 trading day period beginning 90 days after such business combination, in light of the forfeiture of 9,453,412 founder s shares by SP Acq LLC and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker upon consummation of the merger. As a result, if the warrant amendment is approved, the initial founder s warrants will become exercisable upon consummation of the merger, but the sale of such warrants or the shares underlying the warrants will still be subject to a one-year lock-up from the date we consummate the merger.

We are further requesting warrantholder approval at the special meeting to provide warrantholders with the option to receive, in their sole discretion, upon exercise of their warrants, either voting shares of SPAH common stock or shares of Non-Voting Common Stock, such that the holder thereof would not exceed the ownership threshold which would make it subject to regulation as a bank holding company. Under the BHC Act, a company that directly or indirectly owns, controls or has the power to vote 25% or more of a class of voting stock of a bank or a bank holding company is a bank holding company for purposes of the BHC Act and is subject to regulation as a bank holding company as described in the section entitled Supervision and Regulation Federal Bank Holding Company Regulation. In addition, a company that directly or indirectly owns, controls or has the power to vote 10% or more, but less than 25%, of a class of voting stock of a bank or a bank holding company may be presumed to control the bank and/or bank holding company. If the presumption of control is not rebutted, the company is subject to the regulation as a bank holding company as described in the section entitled Supervision and Regulation Federal Bank Holding Company Regulation. The presumption of control may be rebutted by entering into a passivity agreement with the Federal Reserve, which contains specific terms to limit the ability to control the management and policies of the bank and/or bank holding company. A company that owns, controls or has the power to vote 10% or more, but less than 25%, of a class of voting stock of a bank or a bank holding company and that enters into a passivity agreement generally is not subject to regulation as a bank holding company. A company that directly or indirectly owns, controls or has the power to vote less than 10% of any class of voting stock of a bank or a bank holding company generally is not subject to regulation as a bank holding company.

Given these considerations, in order to permit investor flexibility, SPAH is also requesting warrantholder approval to amend the terms of the Warrant Agreement, and intends to amend the Founder s Agreements to, provide warrantholders with the option to receive either voting shares of SPAH common stock or shares of Non-Voting Common Stock in certain situations.

If the warrant amendment proposal is approved by SPAH warrantholders at the special meeting of SPAH warrantholders, and unless a warrantholder registers with the Federal Reserve as a bank holding company, each warrantholder shall only be entitled to exercise its warrants for voting common stock of SPAH, (i) to the extent (but only to the extent) that such conversion or receipt would not cause or result in such holder, together with its affiliates, being deemed to own, control or have the power to vote, for purposes of the BHC Act, or the CIBC Act, and any rules and regulations promulgated thereunder, more than 10% (minus one share) of any class of voting common stock of SPAH outstanding at such time, provided, however, that with respect to SP Acq LLC and certain of its officers and directors, SP II and the Steel Trust, such parties will only be entitled to exercise their warrants for SPAH voting common stock, to the extent (but only to the extent) that such conversion or receipt would not cause or result in such persons and their affiliates, collectively, being deemed to own, control or have the power to vote, for purposes of the BHC Act, or the CIBC Act, and any rules and regulations promulgated thereunder, more than 5% (minus one share) of any class of SPAH voting common stock outstanding at such time, and (ii) to the extent any such exercise exceeds the limits in clause (i) above, for Non-Voting Common Stock, to the extent (but only to the extent) that such conversion or receipt would not cause or result in such holder and its affiliates, collectively, being deemed to own, control or have the power to vote, for purposes of the BHC Act or the CIBC Act, and any rules and regulations promulgated thereunder, more than one-third (minus one share) of the total equity of SPAH. SP Acq LLC and the Steel Trust have also separately agreed, pursuant to letter agreements with SPAH, to receive Non-Voting Common Stock upon exercise

of their initial founder s warrants, additional founder s warrants and co-investment warrants following the consummation of the merger, as necessary in order to maintain an ownership level of voting common stock below 5% of the total outstanding shares of voting common stock. At their discretion, SP Acq LLC and/or the Steel Trust will convert such shares into voting common stock in accordance with the SPAH Certificate of Incorporation, as amended by the Subsequent Charter Amendments and upon a distribution of the

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shares by Steel Trust to its beneficiaries, such shares will also be converted into voting common stock in accordance with the SPAH Certificate of Incorporation, as amended by the Subsequent Charter Amendments, subject to the conversion conditions set forth therein.

If the merger is not consummated and SPAH does not complete a different initial business combination by October 10, 2009, the warrants will expire worthless. If the warrant amendment proposal is approved, all other terms of SPAH s warrants will remain the same.

The approval of the warrant amendment proposal is a condition to the consummation of the merger. Frontier shareholders will receive approximately 2,512,000 newly issued warrants in connection with the merger, having the same terms and conditions as the publicly traded SPAH warrants immediately prior to the effective time of the merger, after giving effect to the warrant amendment proposal.

Vote Required

Pursuant to Section 18 of the Warrant Agreement, adoption of the amendment to the Warrant Agreement requires the affirmative vote of a majority of the warrantholders outstanding and entitled to vote at the special meeting. The Warrant Agreement also requires that the holders of a majority of SPAH s outstanding warrants issued in, or subsequent to, SPAH s initial public offering, are voted in favor of the warrant amendment.

The SPAH insiders intend to vote in favor of the warrant amendment proposal. While the warrants voted by the SPAH insiders will count towards the voting and quorum requirements under Delaware law, they will not count towards the voting requirement under the Warrant Agreement, which requires that the holders of a majority of SPAH s outstanding warrants issued in, or subsequent to, SPAH s initial public offering, are voted in favor of the warrant amendment, because the initial founder s warrants and additional founder s warrants were not issued in SPAH s initial public offering.

Voting

Warrantholders may vote their warrants:

- by attending the special meeting and voting their warrants in person, or
- by completing the enclosed proxy card, signing and dating it and mailing it in the enclosed post-prepaid envelope.

Warrants represented by properly executed proxies received at or prior to the special meeting of warrantholders will be voted at the special meeting in the manner specified by the holders of such warrants. Warrantholders who have their warrants in street name , meaning the name of a broker or other nominee who is the record holder, must either direct the record holder of their warrants to vote their warrants or obtain a proxy from the record holder to vote their warrants at the special meeting.

Quorum

The presence, in person or by proxy, of a majority of all the outstanding warrants entitled to vote constitutes a quorum at the special meeting of warrantholders.

Abstentions and Broker Non-Votes

Proxies that are marked abstain and proxies relating to street name warrants that are returned to SPAH but marked by brokers as not voted will be treated as warrants present for purposes of determining the presence of a quorum on all matters. The latter will not be treated as warrants entitled to vote on the matter as to which authority to vote is withheld from the broker. If you do not give the broker voting instructions, under applicable self-regulatory organization rules, your broker may not vote your warrants on non-routine proposals, such as the proposal to amend certain terms of the Warrant Agreement.

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Revoking Your Proxy

If you give a proxy, you may revoke it at any time before it is exercised by doing any one of the following:

you may send another proxy card with a later date;

you may notify Continental Stock Transfer & Trust Company, SPAH s warrant agent, in writing before the special meeting that you have revoked your proxy; or

you may attend the special meeting, revoke your proxy, and vote in person, as indicated above.

Proxy Solicitation Costs

SPAH will pay all of the costs of filing the registration statement with the SEC (of which this joint proxy statement/prospectus is a part) and of soliciting proxies in connection with the special meeting of stockholders as well as the special meeting of warrantholders. SPAH will also pay the costs associated with printing the copies of this joint proxy statement/prospectus that are sent to SPAH stockholders and the mailing fees associated with mailing this joint proxy statement/prospectus to SPAH stockholders. Solicitation of proxies may be made in person or by mail, telephone, or other electronic means, or other form of communication by directors, officers, and stockholders of SPAH who will not be specially compensated for such solicitation. Banks, brokers, nominees, fiduciaries, and other custodians will be requested to forward solicitation materials to beneficial owners and to secure their voting instructions, if necessary, and will be reimbursed for the expenses incurred in sending proxy materials to beneficial owners.

SPAH, Frontier and their respective directors and executive officers, may be deemed to be participants in the solicitation of proxies. No person is authorized to give any information or to make any representation not contained in this joint proxy statement/prospectus and, if given or made, such information or representation should not be relied upon as having been authorized by SPAH, Frontier, or any other person. The delivery of this joint proxy statement/prospectus does not, under any circumstances, create any implication that there has been no change in the business or affairs of SPAH or Frontier since the date of this joint proxy statement/prospectus.

Recommendation of the SPAH Board

THE SPAH BOARD HAS DETERMINED THAT THE WARRANT AMENDMENT PROPOSAL IS FAIR TO AND IN THE BEST INTERESTS OF SPAH AND ITS WARRANTHOLDERS, HAS UNANIMOUSLY APPROVED THE PROPOSAL AND UNANIMOUSLY RECOMMENDS THAT SPAH S WARRANTHOLDERS VOTE FOR THE WARRANT AMENDMENT PROPOSAL.

THE SPECIAL MEETING OF FRONTIER SHAREHOLDERS AND THE MERGER PROPOSAL

General

The Frontier Board is providing this joint proxy statement/prospectus to you in connection with its solicitation of proxies for use at the special meeting of shareholders of Frontier and at any adjournments or postponements thereof.

SPAH is also providing this joint proxy statement/prospectus to you as a prospectus in connection with the offer and sale by SPAH of shares of its common stock to shareholders of Frontier in the merger.

Your vote is important. Please complete, date and sign the accompanying proxy card and return it in the enclosed, postage prepaid envelope. If your shares are held in street name, you should instruct your broker how to vote by following the directions provided by your broker.

Meeting Date, Time, and Place and Record Date

Frontier will hold the special meeting on October 8, 2009 at 7:30 p.m., local time, at Lynnwood Convention Center, 3711 196th St. SW, Lynnwood, WA 98036. Only holders of Frontier common stock of record at the close

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of business on September 14, 2009, the record date for the special meeting, will be entitled to receive notice of and to vote at the meeting.

Matters to be Considered

At the special meeting, Frontier s shareholders will be asked to approve the merger agreement, pursuant to which Frontier will merge with and into SPAH and each share of Frontier common stock will be converted into the right to receive 0.0530 shares of newly issued SPAH common stock and 0.0530 newly issued warrants of SPAH, having the same terms and conditions as the publicly traded SPAH warrants immediately prior to the effective time of the merger, after giving effect to the warrant amendment proposal.

Each copy of this joint proxy statement/prospectus mailed to Frontier s shareholders is accompanied by a proxy card for use at the special meeting.

Vote Required

Approval of the merger proposal requires the affirmative vote of at least two-thirds of the shares entitled to vote at the Frontier special meeting.

On the record date, there were 47,131,853 outstanding shares of Frontier common stock, each of which is entitled to one vote at the special meeting. All of the Frontier s insiders have agreed to vote their 3,103,451 shares of Frontier common stock (which constitute 6.56% of Frontier s outstanding shares of common stock), FOR the merger proposal.

Quorum

The presence, in person or by proxy, of shares of Frontier common stock representing a majority of Frontier outstanding shares entitled to vote at the special meeting is necessary in order for there to be a quorum at the special meeting. A quorum must be present in order for the vote on the merger agreement to occur. If there is no quorum present at the opening of the meeting, the special meeting may be adjourned by the vote of a majority of shares voting on the motion to adjourn.

Voting of Proxies

Shares of common stock represented by properly executed proxies received at or prior to the Frontier special meeting will be voted at the special meeting in the manner specified by the holders of such shares. If you are a shareholder of record (that is, you hold stock certificates registered in your own name), you may vote by following the instructions described on your proxy card. If your shares are held in nominee or street name, you will receive separate voting instructions from your broker or nominee with your proxy materials. If you hold your shares in street name, you can either obtain physical delivery of the shares directly into your name, and then vote your shares yourself, or request a legal proxy directly from your broker and bring it to the special meeting, and then vote your shares yourself. In order to obtain shares directly into your name, you must contact your brokerage house representative. Brokerage firms may assess a fee for your conversion; the amount of such fee varies.

Properly executed proxies which do not contain voting instructions will be voted FOR approval of the merger agreement.

Shares of any shareholder represented in person or by proxy (including broker non-votes, which generally occur when a broker who holds shares in street name for a customer does not have the authority to vote on certain non-routine matters because its customer has not provided any voting instructions with respect to the matter) at the special meeting

who abstains from voting will be counted for purposes of determining whether a quorum exists.

Abstaining from voting (including by way of a broker non-vote), either in person or by proxy, will have the same effect as a vote against approval of the merger agreement. Accordingly, the Frontier Board urges its shareholders to complete, date and sign the accompanying proxy card and return it promptly in the enclosed, postage-paid envelope.

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Revocability of Proxies

The grant of a proxy on the enclosed proxy card does not preclude you from voting in person or otherwise revoking your proxy. If you are a shareholder of record, there are a number of ways you can change your vote. First, you may send a written notice to the person to whom you submitted your proxy stating that you would like to revoke your proxy. Second, you may complete and submit a later dated proxy with new voting instructions. Third, you may attend the special meeting and vote in person. The latest vote actually received by Frontier prior to or at the special meeting will be your vote. Any earlier votes will be revoked. Simply attending the special meeting without voting, however, will not revoke your proxy.

If you have instructed a broker to vote your shares, you must follow the directions you will receive from your broker to change or revoke your proxy.

Dissenters Rights

Frontier shareholders have the right under Washington law to dissent from the merger, obtain an appraisal of the fair value of their Frontier shares, and receive payment in cash equal to the appraised fair value of their Frontier shares instead of receiving the merger consideration. To exercise dissenters rights, among other things, a Frontier shareholder must (i) notify Frontier prior to the vote of its shareholders on the transaction of the shareholder s intent to demand payment for the shareholder s shares, and (ii) not vote in favor of the merger agreement. Submitting a properly signed proxy card that is received prior to the vote at the special meeting (and is not properly revoked) that does not direct how the shares of Frontier common stock represented by proxy are to be voted will constitute a vote in favor of the merger agreement and a waiver of such shareholder s dissenters rights.

A shareholder electing to dissent from the merger must strictly comply with all procedures required under Washington law. These procedures are described more fully under the heading The Merger and the Merger Agreement Frontier Dissenters Rights , and a copy of the relevant Washington statutory provisions regarding dissenters rights is included in this joint proxy statement/prospectus as Annex F.

Solicitation of Proxies

Frontier will pay all of the costs of soliciting proxies in connection with the Frontier special meeting, except that SPAH will pay the costs of filing the registration statement with the SEC, of which this joint proxy statement/prospectus is a part. Frontier will also pay costs associated with the printing of the copies of this joint proxy statement/prospectus that are sent to Frontier shareholders and the mailing fees associated with mailing this joint proxy statement/prospectus to Frontier shareholders.

Solicitation of proxies may be made in person or by mail, telephone, or facsimile, or other form of communication by directors, officers and employees of Frontier who will not be specially compensated for such solicitation. In addition, Frontier has engaged Morrow & Co., LLC as its proxy solicitation firm. Such firm will be paid its customary fee of approximately $12,500 plus solicitation and out of pocket expenses. Banks, brokers, nominees, fiduciaries, and other custodians will be requested to forward solicitation materials to beneficial owners and to secure their voting instructions, if necessary, and will be reimbursed for the expenses incurred in sending proxy materials to beneficial owners.

No person is authorized to give any information or to make any representation not contained in this joint proxy statement/prospectus and, if given or made, such information or representation should not be relied upon as having

been authorized by Frontier, SPAH or any other person. The delivery of this joint proxy statement/prospectus does not, under any circumstances, create any implication that there has been no change in the business or affairs of Frontier or SPAH since the date of this joint proxy statement/prospectus.

Recommendation of the Frontier Board

THE FRONTIER BOARD HAS UNANIMOUSLY DETERMINED THAT THE MERGER PROPOSAL AND THE TRANSACTIONS CONTEMPLATED THEREBY ARE IN THE BEST INTERESTS OF FRONTIER AND ITS SHAREHOLDERS. THE MEMBERS OF THE FRONTIER BOARD

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UNANIMOUSLY RECOMMEND THAT THE FRONTIER SHAREHOLDERS VOTE AT THE SPECIAL MEETING TO APPROVE THE MERGER PROPOSAL.

Frontier s shareholders should note that Frontier directors and officers have certain interests in, and may derive benefits as a result of, the merger that are in addition to their interests as shareholders of Frontier. See The Merger and the Merger Agreement Certain Benefits of Directors and Officers of Frontier.

INFORMATION ABOUT SPAH

General

SPAH is a blank check company organized under the laws of the State of Delaware on February 14, 2007. SPAH was formed for the purpose of acquiring, through a merger, capital stock exchange, asset acquisition or other similar business combination, one or more businesses or assets. Prior to executing the merger agreement with Frontier, SPAH s activities were limited to organizational matters, completing its initial public offering and seeking and evaluating possible business combination opportunities.

A registration statement for SPAH s initial public offering was declared effective on October 10, 2007. On October 16, 2007, SPAH sold 40,000,000 units in its initial public offering, and on October 31, 2007 the underwriters for its initial public offering purchased an additional 3,289,600 units pursuant to an over-allotment option. Each unit consists of one share of common stock and one warrant. Each warrant entitles the holder to purchase one share of SPAH common stock at a price of $7.50 commencing on consummation of a business combination, provided that there is an effective registration statement covering the shares of common stock underlying the warrants in effect. The warrants expire on October 10, 2012, unless earlier redeemed. If the warrant agreement amendment proposal is approved by SPAH s warrantholders (as described in more detail elsewhere in this joint proxy statement/prospectus), the exercise price of the warrants will be increased to $11.50 per share and the expiration date of the warrants will be extended to the earlier of (x) seven years from the consummation of the merger or (y) the date fixed for redemption of the warrants set forth in the warrant agreement, among other things, upon consummation of the merger.

On March 22, 2007, SP Acq LLC, which is controlled by Warren G. Lichtenstein, SPAH s Chairman, President, and Chief Executive Officer, purchased 11,500,000 of SPAH s units, of which 677,600 units were forfeited and cancelled on the date of SPAH s initial public offering upon exercise of the underwriters over-allotment option and 1,168,988 units were subsequently sold to certain directors of SPAH and SP II. On October 16, 2007, SP Acq LLC purchased an aggregate of 7,000,000 additional founder s warrants, of which an aggregate of 500,000 warrants were subsequently sold to certain SPAH directors, at a price of $1.00 per warrant ($7.0 million in the aggregate) in a private placement that occurred immediately prior to the consummation of SPAH s initial public offering.

SPAH received gross proceeds of approximately $439,896,000 from its initial public offering and sale of the additional founder s warrants to SP Acq LLC. Net proceeds of approximately $425,909,120 were deposited into a trust account and will be part of the funds distributed to the SPAH public stockholders in the event SPAH is unable to complete the merger or another business combination. Unless and until a business combination is consummated, the proceeds held in the trust account will not be available to SPAH.

In connection with the initial public offering, SP II previously agreed to purchase an aggregate of 3,000,000 co-investment units at $10.00 per unit ($30.0 million in the aggregate) in a private placement that will occur immediately prior to the consummation of the merger. Pursuant to a plan of reorganization, SP II has contributed certain assets to the Steel Trust, a liquidating trust established for the purpose of effecting the orderly liquidation of such assets. As a result, all of the founder s shares and initial founder s warrants owned by SP II have been transferred to the Steel Trust in a private transaction exempt from registration under the Securities Act. The Steel Trust has agreed

to assume all of SP II s rights and obligations with respect to the founder s shares and initial founder s warrants, as more fully described elsewhere in this joint proxy statement/prospectus, including the obligation to purchase the co-investment units. Since SPAH s initial public offering prospectus disclosed that only SP II or SP Acq LLC may purchase the co-investment units, SPAH public stockholders may have a securities law

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claim against SPAH for rescission (under which a successful claimant has the right to receive the total amount paid for his or her securities pursuant to an allegedly deficient prospectus, plus interest and less any income earned on the securities, in exchange for surrender of the securities) or damages (compensation for loss on an investment caused by alleged material misrepresentations or omissions in the sale of a security), as described more fully under The Merger and the Merger Agreement Rescission Rights.

Trust Account

A total of $425,909,120 (or approximately $9.84 per share), including $371,000,000 of the net proceeds from SPAH s initial public offering, $7,000,000 from the sale of additional warrants to SP Acq LLC, $30,593,280 of net proceeds of the over allotment issuance to SPAH s underwriters in the initial public offering and $17,315,840 of deferred underwriting discounts and commissions, has been placed in a trust account at JPMorgan Chase Bank, N.A., with Continental Stock Transfer & Trust Company as trustee, which is to be invested in United States government securities within the meaning of Section 2(a)(16) of the Investment Company Act of 1940 having a maturity of 180 days or less or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940. Except for the $3,500,000 of the trust account interest income that has been released to SPAH to fund expenses relating to investigating and selecting a target business and other working capital requirements, and any additional amounts needed to pay income taxes on the trust account earnings (currently $5,575,500 has been released for these purposes), the proceeds held in the trust account will not be released from the trust account until the earlier of the completion of SPAH s initial business combination or the liquidation of SPAH.

Upon consummation of the merger, the funds currently held in the trust account, less any amounts (i) paid to SPAH public stockholders who exercise their conversion rights and (ii) released as deferred underwriting compensation to the extent paid in cash, will be released to SPAH or at SPAH s discretion, to various third parties. SPAH intends to pay any additional expenses related to the merger and hold the remaining funds as capital pending use for general corporate and strategic purposes. Such purposes could include increasing the capital of Frontier Bank, future mergers and acquisitions, branch construction, asset purchases, payment of dividends, repurchases of shares of SPAH common stock and general corporate purposes. Until such capital is fully leveraged or deployed, SPAH may not be able to successfully deploy such capital and SPAH s return on such equity could be negatively impacted.

Fair Market Value of Target Business

Pursuant to the prospectus for SPAH s initial public offering and the SPAH Certificate of Incorporation, the initial target business or businesses with which SPAH combines must have a collective fair market value equal to at least 80% of the sum of the balance in the trust account plus the proceeds of the co-investment (excluding deferred underwriting discounts and commissions of approximately $17.3 million) at the time of such initial business combination. The SPAH Board has recommended that stockholders approve and amend the SPAH Certificate of Incorporation which eliminates this 80% test in its entirety.

Opportunity for Stockholder Approval of Business Combination

SPAH will submit the merger proposal to its stockholders for approval, even though stockholder approval is not necessarily required under Delaware law (which generally requires the approval of stockholders if a transaction will require the issuance of more than 20% of the outstanding shares of a company s common stock immediately prior to the effective time of the transaction). At the same time, SPAH will submit to its stockholders for approval a proposal to amend the SPAH Certificate of Incorporation to permit its continued corporate existence if the initial business combination is approved and consummated. The quorum required to constitute this meeting, as for all meetings of SPAH stockholders in accordance with the SPAH Bylaws, is a majority of SPAH s issued and outstanding common stock (whether or not held by SPAH public stockholders). SPAH will consummate the merger only if the required

number of shares are voted in favor of both the merger and the amendment to extend SPAH s corporate life, and the other conditions to the merger are satisfied. If a majority of the shares of common stock voted by the SPAH public stockholders are not voted in favor of the merger, SPAH may continue to seek other target businesses with which to effect its initial business combination until October 10, 2009.

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The SPAH insiders have agreed to vote all of their founder s shares either for or against the merger proposal consistent with the majority of the votes cast on the merger by the SPAH public stockholders. To the extent any SPAH insider has acquired shares of SPAH common stock in, or subsequent to, SPAH s initial public offering, such insider has agreed to vote these acquired shares in favor of the merger proposal. As of the date hereof, none of the SPAH insiders own any shares sold in, or subsequent to, the SPAH initial public offering. The SPAH insiders have further indicated that they will vote their shares in favor of the adoption of the amendments to the SPAH Certificate of Incorporation and for the election of each of the director nominees to the SPAH Board. While the founder s shares voted by the SPAH insiders will count towards the voting and quorum requirements under Delaware law, they will not count towards the voting requirement under the SPAH Certificate of Incorporation because the founder s shares were not issued in SPAH s initial public offering. As described below, pursuant to a plan of reorganization, SP II has contributed certain assets, including its shares of SPAH common stock and warrants, to the Steel Trust. The trust has agreed to assume all of SP II s rights and obligations with respect to these shares and warrants, including to vote in accordance with the foregoing.

SPAH will proceed with the merger only if a quorum is present at the stockholders meeting and, as required by the SPAH Certificate of Incorporation, a majority of the shares of common stock voted by the SPAH public stockholders are voted, in person or by proxy, in favor of the merger and SPAH public stockholders owning no more than 30% of the shares sold in SPAH s initial public offering (minus one share) vote against the business combination and exercise their conversion rights. If Proposal No. 2 is approved and adopted, it is a condition to closing the merger agreement that holders of no more than 10% of the shares (minus one share) sold in SPAH s initial public offering vote against the merger and exercise their conversion rights, although at SPAH s discretion, this closing condition may be waived in order to consummate the merger. Accordingly, SPAH may not consummate the merger if 10% or more of the holders of shares sold in or subsequent to SPAH s initial public offering elect to exercise their conversion rights. If SPAH elects to waive this closing condition, it may raise the conversion threshold to anywhere between 10% to 30% (minus one share). SPAH does not believe it will raise the conversion threshold and currently intends only to raise the conversion threshold if it believes that the combined entity will have sufficient Tier 1 capital to return to compliance levels.

Upon consummation of the merger, SP Acq LLC has agreed to forfeit 8,987,883 of the 9,653,412 founder s shares it owns and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker have agreed to forfeit an aggregate of 465,530 of the 500,000 founder s shares they own.

Liquidation If No Business Combination

The SPAH Certificate of Incorporation provides that SPAH will continue in existence only until October 10, 2009. If SPAH consummates an initial business combination prior to that date, SPAH will seek to amend this provision in order to permit its continued existence. If SPAH has not completed its initial business combination by that date, SPAH s corporate existence will cease except for the purposes of winding up its affairs and liquidating pursuant to Section 278 of the DGCL. Because of this provision in SPAH s Certificate of Incorporation, no resolution by the SPAH Board and no vote by SPAH s stockholders to approve SPAH s dissolution would be required for SPAH to dissolve and liquidate. Instead, SPAH will notify the Delaware Secretary of State in writing on the termination date that SPAH s corporate existence is ceasing, and include with such notice payment of any franchise taxes then due to or assessable by the state.

If SPAH is unable to complete a business combination by October 10, 2009, SPAH will automatically dissolve and as promptly as practicable thereafter adopt a plan of distribution in accordance with Section 281(b) of the DGCL. Section 278 provides that SPAH s existence will continue for at least three years after its expiration for the purpose of prosecuting and defending suits, whether civil, criminal or administrative, by or against SPAH, and of enabling SPAH gradually to settle and close its business, to dispose of and convey its property, to discharge its liabilities and to

distribute to its stockholders any remaining assets, but not for the purpose of continuing the business for which SPAH was organized. SPAH s existence will continue automatically even beyond the three-year period for the purpose of completing the prosecution or defense of suits begun prior to the expiration of the three-year period, until such time as any judgments, orders or decrees resulting from such suits are fully executed. Section 281(b) will require SPAH to pay or make reasonable provision for all then-existing claims and obligations, including all contingent, conditional, or unmatured contractual claims known to SPAH, and to make such provision

as will be reasonably likely to be sufficient to provide compensation for any then-pending claims and for claims that have not been made known to SPAH or that have not arisen but that, based on facts known to SPAH at the time, are likely to arise or to become known to SPAH within 10 years after the date of dissolution. Under Section 281(b), the plan of distribution must provide for all of such claims to be paid in full or make provision for payments to be made in full, as applicable, if there are sufficient assets. If there are insufficient assets, the plan must provide that such claims and obligations be paid or provided for according to their priority and, among claims of equal priority, ratably to the extent of legally available assets. Any remaining assets will be available for distribution to SPAH s stockholders.

SPAH expects that all costs and expenses associated with implementing this plan of distribution, as well as payments to any creditors, will be funded from amounts remaining out of the $100,000 of proceeds held outside the trust account and from the $3.5 million in interest income on the balance of the trust account that has been released to SPAH to fund its working capital requirements. However, if those funds are not sufficient to cover the costs and expenses associated with implementing SPAH s plan of distribution, to the extent that there is any interest accrued in the trust account not required to pay income taxes on interest income earned on the trust account balance, SPAH may request that the trustee release to SPAH an additional amount of up to $75,000 of such accrued interest to pay those costs and expenses. Should there be no such interest available or should those funds still not be sufficient, SP Acq LLC and Mr. Lichtenstein have agreed to reimburse SPAH for its out-of-pocket costs associated with SPAH s dissolution and liquidation, excluding any special, indirect or consequential costs, such as litigation, pertaining to the dissolution and liquidation.

Upon its receipt of notice from counsel that SPAH s existence has terminated, the trustee will commence liquidating the investments constituting the trust account and distribute the proceeds to the SPAH public stockholders. The SPAH insiders have waived their right to participate in any liquidation distribution with respect to their shares acquired prior to SPAH s initial public offering. The proceeds from the co-investment will be received by SPAH immediately prior to the consummation of the merger to provide SPAH with additional equity capital to fund the merger. If the merger is not consummated, the Steel Trust will not purchase the co-investment units and no proceeds will deposited into SPAH s trust account or available for distribution to SPAH s stockholders in the event of a liquidating distribution. Additionally, if SPAH does not complete an initial business combination and the trustee must distribute the balance of the trust account, the underwriters have agreed to forfeit any rights or claims to their deferred underwriting discounts and commissions then in the trust account, and those funds will be included in the pro rata liquidation distribution to the SPAH public stockholders. There will be no distribution from the trust account with respect to any of the SPAH warrants, which will expire worthless if SPAH is liquidated, and as a result purchasers of SPAH s units will have paid the full unit purchase price solely for the share of common stock included in each unit.

The proceeds deposited in the trust account could, however, become subject to claims of SPAH s creditors that are in preference to the claims of SPAH stockholders, and SPAH therefore cannot assure its stockholders that the actual per-share liquidation price will not be less than approximately $9.85, the conversion price based upon restricted amounts held in trust at June 30, 2009. Although prior to completion of an initial business combination, SPAH will seek to have all third parties (including any vendors or other entities SPAH engages) and any prospective target businesses enter into valid and enforceable agreements with SPAH waiving any right, title, interest or claim of any kind in or to any monies held in the trust account, there is no guarantee that they will execute such agreements. SPAH has not engaged any such third parties or asked for or obtained any such waiver agreements at this time. It is also possible that such waiver agreements would be held unenforceable, and there is no guarantee that the third parties would not otherwise challenge the agreements and later bring claims against the trust account for monies owed them. If a target business or other third party were to refuse to enter into such a waiver, SPAH would enter into discussions with such target business or engage such other third party only if SPAH s management determined that SPAH could not obtain, on a reasonable basis, substantially similar services or opportunities from another entity willing to enter into such a waiver. In addition, there is no guarantee that such entities will agree to waive any claims they may have in the future as a result of, or arising out of, any negotiations, contracts or agreements with SPAH and will not seek

recourse against the trust account for any reason.

SP Acq LLC has agreed that it will be liable to SPAH if and to the extent claims by third parties reduce the amounts in the trust account available for payment to the SPAH public stockholders in the event of a liquidation and

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the claims are made by a vendor for services rendered, or products sold, to SPAH, or by a prospective target business. A vendor refers to a third party that enters into an agreement with SPAH to provide goods or services to SPAH. However, the agreement entered into by SP Acq LLC specifically provides for two exceptions to the indemnity given: there will be no liability (1) as to any claimed amounts owed to a third party who executed a legally enforceable waiver, or (2) as to any claims under SPAH s indemnity of the underwriters of its initial public offering against certain liabilities, including liabilities under the Securities Act. Furthermore, there could be claims from parties other than vendors, third parties with which SPAH entered into a contractual relationship or target businesses that would not be covered by the indemnity from SP Acq LLC, such as shareholders and other claimants who are not parties in contract with SPAH who file a claim for damages against SPAH. To the extent that SP Acq LLC refuses to indemnify SPAH for a claim SPAH believes should be indemnified, SPAH s officers and directors by virtue of their fiduciary obligation will be obligated to bring a claim against SP Acq LLC to enforce such indemnification. Based on the representation as to its accredited investor status (as such term is defined in Regulation D under the Securities Act), SPAH currently believes that SP Acq LLC is capable of funding its indemnity obligations, even though SPAH has not asked it to reserve for such an eventuality. SPAH cannot assure you, however, that it would be able to satisfy those obligations.

Under Delaware law, creditors of a corporation have a superior right to stockholders in the distribution of assets upon liquidation. Consequently, if the trust account is liquidated and paid out to the SPAH public stockholders shares prior to satisfaction of the claims of all of SPAH s creditors, it is possible that the SPAH public stockholders may be held liable for third parties claims against SPAH to the extent of the distributions received by them.

If SPAH is forced to file a bankruptcy case or an involuntary bankruptcy case is filed against SPAH that is not dismissed, the proceeds held in the trust account could be subject to applicable bankruptcy law, and may be included in SPAH s bankruptcy estate and subject to the claims of third parties with priority over the claims of the SPAH public stockholders. To the extent any bankruptcy claims deplete the trust account, SPAH cannot assure you that SPAH will be able to return at least approximately $9.85 per share to the SPAH public stockholders.

Competition

If SPAH succeeds in effecting the merger with Frontier or another business combination, there will be, in all likelihood, intense competition from competitors of the target business in the commercial banking industry and other financial service businesses. SPAH cannot assure you that, subsequent to a business combination, SPAH will have the resources or ability to compete effectively.

Employees

SPAH currently has four officers. These individuals are not employees of SPAH and are not obligated to devote any specific number of hours to SPAH s business and intend to devote only as much time as they deem necessary to SPAH s business. SPAH does not expect to have any full-time employees prior to the consummation of the merger. In the event the merger with Frontier is consummated, all current officers of SPAH will resign, with the exception of Mr. Lichtenstein who will continue to serve as Chairman of the Board, but will resign as President and Chief Executive Officer of SPAH.

Properties

SPAH currently maintains its executive offices at 590 Madison Avenue, 32nd Floor, New York, New York 10022. The cost for this space is included in the $10,000 per-month fee that Steel Partners, Ltd. charges SPAH for office space, administrative services and secretarial support from the consummation of SPAH s initial public offering until the earlier of the consummation of a business combination or SPAH s liquidation. Prior to the consummation of SPAH s initial public offering, Steel Partners, Ltd. provided SPAH with office space, administrative services and

secretarial support at no charge. SPAH believes, based on rents and fees for similar services in the New York City metropolitan area, that the fee that will be charged by Steel Partners, Ltd. is at least as favorable as SPAH could have obtained from an unaffiliated person. SPAH considers its current office space adequate for its current operations. In the event the merger is consummated, the combined company will maintain its executive offices at Frontier s current executive offices and the agreement with Steel Partners, Ltd. will be terminated.

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Legal Proceedings

On August 20, 2009, a class action on behalf of the public shareholders of Frontier was commenced in the Superior Court of Washington in and for Snohomish County against Frontier, its directors, and SPAH. The complaint seeks equitable relief for alleged breaches of fiduciary duty and other violations arising out of the Frontier Board s attempt to sell Frontier to SPAH. The complaint alleges that the price of the proposed transaction is unfair and that SPAH filed a materially misleading and/or incomplete registration statement in connection with the proposed transaction. The sole count against SPAH is for allegedly aiding and abetting the breaches of fiduciary duty that have been alleged against the Frontier Board and an injunction against the proposed transaction is sought. Relief is also sought against all defendants for injunctive relief, recessionary damages in the event the proposed transaction goes forward, and accounting and attorneys fees and costs.

Although there can be no assurance of the outcome, management does not believe any material adjustments will need to be made to the interim condensed financial statements as a result of this litigation.

To the knowledge of management there is no other litigation pending or contemplated against SPAH or any of SPAH s officers or directors in their capacity as such.

Periodic Reporting and Financial Information

SPAH has registered its units, common stock and warrants under the Exchange Act, and has reporting obligations, including the requirement that it file annual and quarterly reports with the SEC. In accordance with the requirements of the Exchange Act, SPAH has filed with the SEC an Annual Report on Form 10-K for its fiscal year ended December 31, 2008 and a Quarterly Report on Form 10-Q for its quarter ended June 30, 2009. SPAH does not currently have a website and consequently does not make available materials it files with or furnishes to the SEC. SPAH s reports filed with the SEC can be inspected and copied at the SEC s public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information about the operation of the public reference room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a Web site at http://www.sec.gov which contains the registration statements, reports, proxy and information statements and information regarding issuers that file electronically with the SEC. SPAH will provide electronic or paper copies of such materials free of charge upon request.

Management s Discussion and Analysis of Financial Condition and Results of Operations

General

SPAH is a blank check company organized under the laws of the State of Delaware on February 14, 2007. It was formed for the purpose of acquiring, through a merger, capital stock exchange, asset acquisition or other similar business combination, one or more businesses or assets. SPAH consummated its initial public offering on October 16, 2007. It intends to utilize cash from its initial public offering, its capital stock, debt or a combination of cash, capital stock and debt, in effecting a merger with Frontier or other business combination. The issuance of additional shares of its capital stock:

- may significantly reduce the equity interest of SPAH s stockholders;
- will likely cause a change in control if a substantial number of SPAH shares of common stock are issued, which may affect, among other things, SPAH s ability to use its net operating loss carry forwards, if any, and

may also result in the resignation or removal of one or more of its current officers and directors; and

may adversely affect prevailing market prices for its common stock.

Similarly, if SPAH issues debt securities, it could result in:

default and foreclosure on SPAH assets if its operating revenues after a business combination were insufficient to pay its debt obligations;

acceleration of its obligations to repay the indebtedness even if SPAH has made all principal and interest payments when due if the debt security contained covenants that require the maintenance of certain financial ratios or reserves and any such covenant were breached without a waiver or renegotiation of that covenant;

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SPAH s immediate payment of all principal and accrued interest, if any, if the debt security were payable on demand; and

SPAH s inability to obtain additional financing, if necessary, if the debt security contained covenants restricting its ability to do so.

Results of Operations and Known Trends Or Future Events

SPAH has neither engaged in any operations nor generated any revenues to date. It will not generate any operating revenues until after completion of its initial business combination, at the earliest. It will continue to generate non-operating income in the form of interest income on cash and cash equivalents.

Net income for the year ended December 31, 2008 was $2,198,636, which consisted of $6,413,995 in interest income, partially offset by $1,052,648 in loss from operations, $6,146 in interest expense and $3,156,565 in income taxes and capital based taxes. Net income for the period from February 14, 2007 (inception) through December 31, 2007 was $1,466,293, which consisted of $2,950,473 in interest income, partially offset by $264,373 in formation and operating expenses, $9,435 in interest expense and $1,210,372 in taxes on income. Net income for the period from February 14, 2007 (inception) through December 31, 2008 was $3,664,929, which consisted of $9,364,468 in interest income partially offset by $1,317,021 in formation and loss from operations, $15,581 in interest expense and $4,366,937 in taxes on income.

Net loss for the three and six months ended June 30, 2009 was $287,126 and $894,411, respectively, which consisted of $339,313 and $678,261, respectively, in operating expenses and $117,292 and $481,859, respectively, in taxes on income and capital based taxes, partially offset by $169,479 and $265,709, respectively, in interest income. Net income for the three and six months ended June 30, 2008 was $709,454 and $1,685,378, respectively, which consisted of $1,712,747 and $4,361,110, respectively, in net interest income partially offset by $301,765 and $499,229, respectively, in operating expenses and $698,507 and $2,176,503, respectively, in taxes on income and capital based taxes. Net income for the period from February 14, 2007 (inception) through June 30, 2009 was $2,770,518, which consisted of $9,614,595 in net interest income partially offset by $1,995,281 in formation and operating expenses and $4,848,796 in taxes on income and capital based taxes.

Through June 30, 3009, SPAH did not engage in any significant operations. Its entire activity from inception through June 30, 3009 was to prepare for its initial public offering and begin the identification of and negotiations with a suitable business combination candidate.

The trustee of the Trust account will pay any taxes resulting from interest accrued on the funds held in the Trust account out of the funds held in the Trust account. In addition, SPAH will incur expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance), as well as for due diligence expenses.

Off-Balance Sheet Arrangements

SPAH has never entered into any off-balance sheet financing arrangements and has never established any special purpose entities. It has not guaranteed any debt or commitments of other entities or entered into any options on non-financial assets.

Contractual Obligations

SPAH does not have any long term debt, capital lease obligations, operating lease obligations, purchase obligations or other long-term liabilities.

Liquidity and Capital Resources

The net proceeds from (i) the sale of the units in SPAH s initial public offering (including the underwriters over-allotment option), after deducting offering expenses of approximately $1,095,604 and underwriting discounts and commissions of approximately $30,302,720, together (ii) with $7,000,000 from SP Acq LLC s investment in the additional founder s warrants, were approximately $408,497,676. SPAH expect that most of the proceeds held in the trust account will be used as consideration to pay the sellers of a target business or businesses with which SPAH

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ultimately completes its initial business combination. Due to the unavailability of short-term U.S. Treasury Bills because of the dislocation in the financial markets, as of December 31, 2008, assets of $426,754,319 held in the trust account were held in a 100% FDIC guaranteed non-interest bearing account at JP Morgan Chase Bank, N.A. On January 12, 2009, $426,744,177 of the assets held in the trust account were invested in U.S. Treasury Bills, bearing a per annum interest rate of 0.04% which matured on March 5, 2009. On March 5, 2009, $426,459,219 of the assets held in the trust account were invested in U.S. Treasury Bills, bearing a per annum interest rate of 0.21% and matured on May 7, 2009. As of June 30, 2009, assets in the trust account of $426,330,720 were invested in United States Government Treasury-Bills which mature on July 16, 2009, bearing interest at an per annum rate of 0.14%. Upon maturity of the Treasury- Bills on July 16, 2009, SPAH reinvested the assets in the Trust account in United States Government Treasury-Bills with a cost of $426,174,903, maturing on August 13, 2009 and bearing interest at a per annum rate of 0.13%. A one percentage point change in the interest rate received on SPAH s cash, short-term government securities and money-market instruments of $427,922,161 at June 30, 2009 would result in an increase or decrease of up to $1,070,000 in interest income over the following 90-day period. SPAH cannot provide any assurance about the actual effect of changes in interest rates on net interest income. The estimate provided does not include the effects of possible strategic changes in the balances of various assets and liabilities throughout 2009 or additional actions SPAH could undertake in response to changes in interest rates. SPAH expects to use substantially all of the net proceeds of its initial public offering not in the trust account to pay expenses in locating and acquiring a target business, including identifying and evaluating prospective acquisition candidates, selecting the target business, and structuring, negotiating and consummating its initial business combination. To the extent that SPAH s capital stock or debt financing is used in whole or in part as consideration to effect its initial business combination, any proceeds held in the trust account as well as any other net proceeds not expended will be used to finance the operations of the target business.

SPAH does not believe it will need additional financing in order to meet the expenditures required for operating its business prior to its initial business combination. However, SPAH will rely on interest earned of up to $3,500,000 on the trust account to fund such expenditures and, to the extent that the interest earned is below SPAH s expectation, it may have insufficient funds available to operate its business prior to its initial business combination. Moreover, in addition to the co-investment SPAH may need to obtain additional financing to consummate its initial business combination. SPAH may also need additional financing because it may become obligated to convert into cash a significant number of shares of SPAH public stockholders voting against its initial business combination, in which case it may issue additional securities or incur debt in connection with such business combination. Following SPAH s initial business combination, if cash on hand is insufficient, it may need to obtain additional financing in order to meet its obligations.

Critical Accounting Policies

SPAH s significant accounting policies are more fully described in Note B to the financial statements for the three months ended June 30, 2009. However, certain accounting policies are particularly important to the portrayal of financial position and results of operations and require the application of significant judgment by management. As a result, the financial statements are subject to an inherent degree of uncertainty. In applying those policies, management used its judgment to determine the appropriate assumptions to be used in the determination of certain estimates. During the year ended December 31, 2008, SPAH recorded a full valuation allowance for its deferred tax assets, as the Company determined that it no longer met the more likely than not realization criteria of SFAS 109. These estimates are based on SPAH s historical experience, terms of existing contracts, observance of trends in the industry and information available from outside sources, as appropriate.

Recent Accounting Pronouncements

In May 2009, the FASB issued SFAS No. 165, Subsequent Events (SFAS No. 165). SFAS No. 165 establishes general standards of accounting for, and disclosure of events that occur after the balance sheet but before financial statements are issued or are available to be issued. SFAS No. 165 is effective for interim or annual periods ending after June 15, 2009. The adoption of SFAS No. 165 had no impact on the Company s condensed financial statements.

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In April 2009, the FASB issued FASB Staff Position No. 141R-1, Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise From Contingencies (FSP No. 141R-1). FSP No. 141R-1 amends the provisions in SFAS 141R for the initial recognition and measurement, subsequent measurement and accounting, and disclosure for assets and liabilities arising from contingencies in business combinations. FSP 141R-1 eliminates the distinction between contractual and non-contractual contingencies, including the initial recognition and measurement criteria in SFAS 141R and instead carries forward most provisions of SFAS 141 for acquired contingencies. FSP 141R-1 is effective for contingent assets and liabilities acquired in evaluating the impact of SFAS 141R.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on our financial statements upon adoption.

Quantitative and Qualitative Disclosures About Market Risk

As of June 30, 2009, SPAH s efforts were limited to organizational activities and activities relating to its initial public offering. Since SPAH s initial public offering, it has been identifying possible acquisition candidates. SPAH has neither engaged in any operations nor generated any operating revenues other than interest income.

Market risk is a broad term for the risk of economic loss due to adverse changes in the fair value of a financial instrument. These changes may be the result of various factors, including interest rates, foreign exchange rates, commodity prices and/or equity prices. $418,909,120 of the net proceeds from SPAH s initial public offering, including $17,315,840 of the proceeds attributable to the underwriters deferred fees from the initial public offering, as well as $7,000,000 of the proceeds of the private placement of 7,000,000 additional founder s warrants were placed in a trust account at JPMorgan Chase Bank, N.A., maintained by Continental Stock Transfer & Trust Company, acting as trustee. As of June 30, 2009, the balance in the trust account was $426,418,591 (which includes interest receivable on the trust account of $87,871). The proceeds held in trust have only been invested in U.S. Government securities having a maturity of 180 days or less or in money market funds which invest principally in either short term securities issued or guaranteed by the United States or having the highest rating from recognized credit rating agency or tax exempt municipal bonds issued by government entities located within the United States or otherwise meeting the conditions under Rule 2a-7 under the Investment Company Act. Thus, SPAH is currently subject to market risk primarily through the effect of changes in interest rates on short-term government securities and other highly rated money-market instruments. As of June 30, 2009, assets in the trust account of $426,418,591 were invested in United States Government Treasury-Bills which mature on July 16, 2009 and bear interest at an per annum rate of 0.14%. Upon maturity of the Treasury-Bills on July 16, 2009, SPAH reinvested the assets in the trust account in United States Government Treasury-Bills with a cost of $426,174,903, maturing on August 13, 2009 and bearing interest at a per annum rate of 0.13%. A one percentage point change in the interest rate received on SPAH s cash, short-term government securities and money-market instruments of $427,922,161 at June 30, 2009 would result in an increase or decrease of up to $1,070,000 in interest income over the following 90-day period. SPAH cannot provide any assurance about the actual effect of changes in interest rates on net interest income. The estimate provided does not include the effects of possible strategic changes in the balances of various assets and liabilities throughout 2009 or additional actions SPAH could undertake in response to changes in interest rates.

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Directors and Executive Officers

SPAH s directors and executive officers as of June 30, 2009 are as follows:

Name	Age	Position(s)
Warren G. Lichtenstein	44	Chairman of the Board of Directors, President and Chief Executive Officer
Jack L. Howard	47	Chief Operating Officer and Secretary
James R. Henderson	51	Executive Vice President
Anthony Bergamo	62	Director
Ronald LaBow	74	Director
Howard M. Lorber	60	Director
Leonard Toboroff	76	Director
S. Nicholas Walker	54	Director

Warren G. Lichtenstein, Chairman of the Board of Directors, President and Chief Executive Officer
Mr. Lichtenstein has been SPAH s Chairman of the Board, President and Chief Executive Officer since February 2007. Mr. Lichtenstein is the Chief Executive Officer of Steel Partners LLC, a global management firm. Steel Partners LLC is the manager of Steel Partners II, L.P. and Steel Partners Holdings L.P. Mr. Lichtenstein has been associated with Steel Partners LLC and its affiliates since 1990. Mr. Lichtenstein has been the Chairman of the Board since July 2009 and Chief Executive Officer of Steel Partners Holdings L.P., a global diversified holding company that engages or has interests in a variety of operating businesses through its subsidiary companies, since January 2009. Mr. Lichtenstein co-founded Steel Partners II, L.P. in 1993. He is also a Co-Founder of Steel Partners Japan Strategic Fund (Offshore), L.P., a private investment partnership investing in Japan, and Steel Partners China Access I LP, a private equity partnership investing in China. Mr. Lichtenstein has served as a director of GenCorp Inc., a manufacturer of aerospace and defense products and systems with a real estate business segment, since March 2008. He was a director (formerly Chairman of the Board) of SL Industries, Inc., a designer and manufacturer of power electronics, power motion equipment, power protection equipment, and teleprotection and specialized communication equipment, from January 2002 to May 2008 and served as Chief Executive Officer from February 2002 to August 2005. He has served as Chairman of the Board of WHX Corporation, a holding company, since July 2005. He served as a director of the predecessor entity of Steel Partners Holdings L.P., from 1996 to June 2005, as Chairman and Chief Executive Officer from December 1997 to June 2005 and as President from December 1997 to December 2003. Prior to the formation of Steel Partners II, L.P. in 1993, Mr. Lichtenstein co-founded Steel Partners, L.P., an investment partnership, in 1990 and co-managed its business and operations. From 1988 to 1990, Mr. Lichtenstein was an acquisition/arbitrage analyst with Ballantrae Partners, L.P., which invested in risk arbitrage, special situations, and undervalued companies. From 1987 to 1988, he was an analyst at Para Partners, L.P., a partnership that invested in arbitrage and related situations. Mr. Lichtenstein has previously served as a director of the following companies: Alpha Technologies Group, Inc. (Synercom Technology), Aydin Corporation (Chairman), BKF Capital Group Inc., CPX Corp. (f/k/a CellPro, Incorporated), ECC International Corporation, Gateway Industries, Inc., KT&G Corporation, Layne Christensen Company, PLM International, Inc. Puroflow Incorporated, Saratoga Beverage Group, Inc., Synercom Technology, Inc., TAB Products Co., Tandycrafts Inc., Tech-Sym Corporation, United Industrial Corporation (Chairman) and U.S. Diagnostic Labs, Inc. Mr. Lichtenstein graduated from the University of Pennsylvania with a B.A. in Economics.

Jack L. Howard, Chief Operating Officer and Secretary Mr. Howard was a Director from February 2007 until June 2007, was Vice-Chairman from February 2007 until August 2007 and has been SPAH s Secretary since February

2007. Since June 2007, he has been SPAH s Chief Operating Officer. He is the President of Steel Partners LLC, a global management firm, and has been associated with Steel Partners LLC and its affiliates since 1993. Mr. Howard has been the President of Steel Partners Holdings L.P., a global diversified holding company that engages or has interests in a variety of operating businesses through its subsidiary companies, since January 2009. Mr. Howard co-founded Steel Partners II, L.P. in 1993. He has been a registered principal of Mutual Securities, Inc., a FINRA registered broker-dealer since 1989. Mr. Howard has been a director of WHX Corporation, a holding company, since July 2005. He has served as a director of NOVT Corporation, a former developer of advanced medical treatments for coronary and vascular disease, since April 2006. He has been a director of CoSine

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Communications, Inc., a former global telecommunications equipment supplier, since July 2005. He served as a director of BNS Holding, Inc., a holding company that owns the majority of Collins Industries, Inc., a manufacturer of school buses, ambulances and terminal trucks, from June 2004 to May 2008. He has been a director (currently Chairman) of Adaptec, Inc., a storage solutions provider, since December 2007. Mr. Howard served as Chairman of the Board of a predecessor entity of Steel Partners Holdings L.P., from June 2005 to December 2008, as a director from 1996 to December 2008 and its Vice President from 1997 to December 2008. From 1997 to May 2000, he also served as Secretary, Treasurer and Chief Financial Officer of Steel Partners Holdings L.P. s predecessor entity. He served as Chairman of the Board and Chief Executive Officer of Gateway Industries, Inc., a provider of database development and web site design and development services, from February 2004 to April 2007 and as Vice President from December 2001 to April 2007. From 1984 to 1989, Mr. Howard was with First Affiliated Securities, a FINRA broker dealer. Mr. Howard has previously served as a director of Scientific Software-Intercomp, Inc., Pubco Corporation and Investors Insurance Group, Inc. Mr. Howard graduated from the University of Oregon with a B.A. in Finance. He currently holds the securities licenses of Series 7, Series 24, Series 55 and Series 63.

James R. Henderson, Executive Vice President Mr. Henderson has been SPAH s Executive Vice President since February 2007. Mr. Henderson is a Managing Director and operating partner of Steel Partners LLC, a global management firm. He has been associated with Steel Partners LLC and its affiliates since August 1999. He has served as a director (currently Chairman of the Board) of GenCorp Inc., a manufacturer of aerospace and defense products and systems with a real estate business segment, since March, 2008. Mr. Henderson has served as a director of Point Blank Solutions, Inc. (currently the Chairman of the Board), a designer and manufacturer of protective body armor, since August 2008 and has served as its Acting Chief Executive Officer since April 2009. He has served as a director of BNS Holding, Inc., a holding company that owns the majority of Collins Industries, Inc., a manufacturer of school buses, ambulances and terminal trucks, since June 2004. He has served as a director (currently Chairman of the Board) of Del Global Technologies Corp., a designer and manufacturer of medical imaging and diagnostic systems, since November 2003. He has served as a director of SL Industries, Inc., a designer and producer of proprietary advanced systems and equipment for the power and data quality industry, since January 2002. Mr. Henderson served as a director of Angelica Corporation, a provider of healthcare linen management services, from August 2006 to August 2008. Mr. Henderson served as a director and Chief Executive Officer of a predecessor entity of Steel Partners Holdings L.P., a global diversified holding company that engages or has interests in a variety of operating businesses through its subsidiary companies, from June 2005 to April 2008, was President and Chief Operating Officer from November 2003 to April 2008 and was the Vice President of Operations from September 2000 through December 2003. He has served as Chief Executive Officer of WebBank, a wholly-owned subsidiary of Steel Partners Holdings L.P. from November 2004 to May 2005. Mr. Henderson served as President of Gateway Industries, Inc., a provider of database development and web site design and development services, from December 2001 to April 2008. He served as a director of ECC International Corp., a manufacturer and marketer of computer-controlled simulators for training personnel to perform maintenance and operator procedures on military weapons, from December 1999 to September 2003 and as acting Chief Executive Officer from July 2002 to March 2003. From January 2001 to August 2001, he served as President of MDM Technologies, Inc., a direct mail and marketing company. From 1996 to 1999, Mr. Henderson was employed in various positions with Aydin Corporation, a defense electronics manufacturer, which included a tenure as President and Chief Operating Officer. From 1980 to 1996, Mr. Henderson was employed with Unisys Corporation, an e- business solutions provider. Mr. Henderson has previously served as a director of Tech-Sym Corporation. Mr. Henderson graduated from the University of Scranton with a B.S. in Accounting.

Anthony Bergamo, *Director* Mr. Bergamo has been a Director since July 2007. He has held various positions with MB Real Estate, a property management company based in New York City and Chicago, since April 1996, including the position of Vice Chairman since May 2003. Mr. Bergamo served as managing director with Milstein Hotel Group, a hotel operator, from April 1996 until July 2007. He has also served as the Chief Executive Officer of Niagara Falls Redevelopment, LLC, a real estate development company, since August 1998. Mr. Bergamo was a director of Lone Star Steakhouse & Saloon, Inc., an owner and operator of restaurants, from May 2002 until December 2006, at which

time such company was sold to a private equity fund. At the time of such sale, Mr. Bergamo was the Chairman of the Audit Committee of Lone Star Steakhouse & Saloon, Inc. He has also been a director since 1995, a Trustee since 1986 and currently is Chairman of the Audit Committee of Dime Community Bancorp, and has been a director of Steel Partners Holdings L.P., a global diversified holding company that engages or has interests in a variety

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of operating businesses through its subsidiary companies, since July 2009. Mr. Bergamo is also the Founder of the Federal Law Enforcement Foundation, a foundation that provides economic assistance to both federal and local law enforcement officers suffering from serious illness and to communities recovering from natural disasters, and has served as its Chairman since 1988. Mr. Bergamo serves on the New York State Commission for Sentencing Reform, is a Board Member of New York Offtrack Betting Corporation and serves on the New York State Judicial Screening Committee. He earned a BS in history from Temple University, and a JD from New York Law School. He is admitted to the New York, New Jersey, Federal Bars, US Court of Appeals and the US Supreme Court.

Ronald LaBow, *Director* Mr. LaBow has been a Director since June 2007. He has served as President of Stonehill Investment Corp., an investment fund, since February 1990. Mr. LaBow currently is the President of WPN Corp., a financial consulting company, and is a director of BKF Capital Group, Inc. From January 1991 to February 2004, Mr. LaBow served as Chairman of the Board of WHX Corporation, a holding company. He earned a BS from University of Illinois, an MS from Columbia University School of Business, an LLB from New York Law School and a Master of Law from New York University Law School. He is admitted to the bar of the state of New York.

Howard M. Lorber, *Director* Mr. Lorber has been a Director since June 2007. Mr. Lorber has served as the Executive Chairman of Nathan s Famous Inc. since January 2007 and prior to that served as its Chairman from 1987 until December 2006 and as its Chief Executive Officer from November 1993 until December 2006. Also, Mr. Lorber has been the President and Chief Executive Officer of Vector Group Ltd. since January 2006 and has served as a director since January 2001. Mr. Lorber served as the President and Chief Operating Officer of Vector Group Ltd. from January 2001 until January 2006. Mr. Lorber was President, Chief Operating Officer and a Director of New Valley Corporation from November 1994 until its merger with Vector Group in December 2005. For more than the past five years, Mr. Lorber has been a stockholder and a registered representative of Aegis Capital Corp. Mr. Lorber served as Chairman of the Board of Ladenburg Thalmann Financial Services, the parent of Ladenburg Thalmann & Co. Inc., one of the underwriters of SPAH s initial public offering, from May 2001 until July 2006 when he became Vice-Chairman, in which capacity he currently serves. Mr. Lorber currently serves as a director of United Capital Corp., a real estate investment and diversified manufacturing company.

Leonard Toboroff, *Director* Mr. Toboroff has been a Director since June 2007. Mr. Toboroff has served as a Vice Chairman of the Board of Allis-Chalmers Energy Inc., a provider of products and services to the oil and gas industry, since May 1988 and served as Executive Vice President from May 1989 until February 2002. Mr. Toboroff is also a director of Engex Corp., a closed-end mutual fund from 2003. He has been a director of NOVT Corporation, a former developer of advanced medical treatments for coronary and vascular disease since April 2006. He served as a director and Vice President of Varsity Brands, Inc. (formerly Riddell Sports Inc.), a provider of goods and services to the school spirit industry, from April 1998 until it was sold in September 2003. Mr. Toboroff had been an Executive Director of Corinthian Capital Group, LLC, a private equity fund, from October 2005 to December 2008. He has previously served as a director of American Bakeries Co., Ameriscribe Corporation and Saratoga Spring Water Co. Mr. Toboroff is a graduate of Syracuse University and The University of Michigan Law School.

S. Nicholas Walker, *Director* Mr. Walker has been a director since June 2007. Mr. Walker is the Chief Executive Officer of the York Group Limited (York) a financial services company. York provides investment management services and securities brokerage services to institutional and high net worth individual clients. Mr. Walker has served as Chief Executive Officer of York since 2000. From 1995 until 2000 Mr. Walker served as Senior Vice President of Investments of PaineWebber Inc. in New York. From 1982 until 1995, he served as Senior Vice President of Investments of Prudential Securities Inc. in New York. From 1977 to 1981 he served as an assistant manager at Citibank NA, merchant banking group in New York, and from 1976 to 1977 as a syndication manager with Sumitomo Finance International Limited in London. Mr. Walker served as a director of the Cronos Group, a leading lessor of intermodal marine containers, from 1999 until it was sold in July 2007 (Nasdaq symbol CRNS). Mr. Walker holds an M.A. degree in Jurisprudence from Oxford University, England.

Each of the current executive officers of SPAH will resign upon consummation of the merger, other than Warren G. Lichtenstein who will continue to serve as Chairman of the Board, although he will resign as President and Chief Executive Officer of SPAH. The existing management team of Frontier will manage the business of the combined company following the merger.

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Number and Terms of Office of Directors

The SPAH Board currently consists of six directors. These individuals play a key role in identifying and evaluating prospective acquisition candidates, selecting the target business, and structuring, negotiating and consummating SPAH s initial business combination. However, none of these individuals has been a principal of or affiliated with a blank check company that executed a business plan similar to SPAH s business plan. Nevertheless, SPAH believes that the skills and expertise of these individuals, their collective access to potential target businesses, and their ideas, contacts, and acquisition expertise should enable them to successfully identify and assist SPAH in completing its initial business combination. However, there is no assurance such individuals will, in fact, be successful in doing so.

Pursuant to this joint proxy statement/prospectus, SPAH stockholders are being asked to consider and vote upon the election to the SPAH Board of Warren G. Lichtenstein and, if the merger is consummated, four directors from Frontier, comprised of Patrick M. Fahey, Lucy DeYoung, Mark O. Zenger and David M. Cuthill, each of whom currently serve on the Frontier Board, in each case to serve until the next annual meeting of SPAH and until their successors shall have been elected and qualified. If the merger is consummated, the SPAH Board will consist of five (5) directors, with Mr. Lichtenstein serving as Chairman of the SPAH Board. See Proposals to be Considered by SPAH Stockholders for more information on each of these director nominees.

Executive Officer Compensation

None of SPAH s current executive officers or directors has received any compensation for service rendered.

Director Independence

The SPAH Board has determined that Messrs. Bergamo, LaBow, Toboroff and Walker are independent directors as such term is defined in the rules of the NYSE AMEX LLC and Rule 10A-3 of the Exchange Act.

SPAH Board Committees

The SPAH Board has formed an audit committee and a governance and nominating committee. Each committee is composed of four directors.

Audit Committee

SPAH s audit committee consists of Messrs. Bergamo, Toboroff , Walker and LaBow with Mr. Bergamo serving as chair. As required by the rules of the NYSE AMEX LLC, each of the members of SPAH s audit committee is able to read and understand fundamental financial statements, and SPAH considers Mr. Bergamo to qualify as an audit committee financial expert and as financially sophisticated as defined under SEC and NYSE AMEX LLC rules, respectively. The responsibilities of SPAH s audit committee include:

- meeting with SPAH s management periodically to consider the adequacy of SPAH s internal control over financial reporting and the objectivity of SPAH s financial reporting;

- appointing the independent registered public accounting firm, determining the compensation of the independent registered public accounting firm and pre-approving the engagement of the independent registered public accounting firm for audit and non-audit services;

overseeing the independent registered public accounting firm, including reviewing independence and quality control procedures and experience and qualifications of audit personnel that are providing SPAH audit services;

meeting with the independent registered public accounting firm and reviewing the scope and significant findings of the audits performed by them, and meeting with management and internal financial personnel regarding these matters;

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reviewing SPAH s financing plans, the adequacy and sufficiency of SPAH s financial and accounting controls, practices and procedures, the activities and recommendations of the auditors and SPAH s reporting policies and practices, and reporting recommendations to the full SPAH Board for approval;

establishing procedures for the receipt, retention and treatment of complaints regarding internal accounting controls or auditing matters and the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters;

following the completion of SPAH s initial public offering, preparing the report required by the rules of the SEC to be included in SPAH s annual proxy statement;

monitoring compliance on a quarterly basis with the terms of SPAH s initial public offering and, if any noncompliance is identified, immediately taking all action necessary to rectify such noncompliance or otherwise causing compliance with the terms of SPAH s initial public offering; and

reviewing and approving all payments made to SPAH s officers, directors and affiliates, including Steel Partners, Ltd., other than the payment of an aggregate of $10,000 per month to Steel Partners, Ltd. for office space, secretarial and administrative services. Any payments made to members of SPAH s audit committee will be reviewed and approved by the SPAH Board, with the interested director or directors abstaining from such review and approval.

Governance and Nominating Committee

SPAH s governance and nominating committee consists of Messrs. Bergamo, LaBow, Toboroff and Walker with Mr. LaBow serving as chair. The functions of SPAH s governance and nominating committee include:

recommending qualified candidates for election to the SPAH Board;

evaluating and reviewing the performance of existing directors;

making recommendations to the SPAH Board regarding governance matters, including the SPAH Certificate of Incorporation, the SPAH Bylaws and charters of SPAH s committees; and

developing and recommending to the SPAH Board governance and nominating guidelines and principles applicable to SPAH.

Code of Ethics and Committee Charters

SPAH has adopted a code of ethics that applies to SPAH s officers, directors and employees. SPAH has filed copies of its code of ethics and its board committee charters as an exhibit to the registration statement in connection with its initial public offering. You will be able to review these documents by accessing SPAH s public filings at the SEC s web site at www.sec.gov. In addition, a copy of the code of ethics will be provided without charge upon request to SPAH. SPAH intends to disclose any amendments to or waivers of certain provisions of its code of ethics in a current report on Form 8-K.

Conflicts of Interest

Investors should be aware of the following potential conflicts of interest:

Members of SPAH s management team are not required to commit their full time to SPAH s affairs and, accordingly, they will have conflicts of interest in allocating management time among various business activities.

Certain affiliates of SP Acq LLC may in the future become affiliated with entities engaged in business activities similar to those Frontier conducts.

Since Mr. Lichtenstein may be deemed the beneficial owner of shares held by SP Acq LLC and the Steel Trust, he may have a conflict of interest in determining whether a particular target business is appropriate for SPAH and its stockholders. This ownership interest may influence his motivation in identifying and selecting a target business and timely completing an initial business combination. The exercise of discretion by

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SPAH s officers and directors in identifying and selecting one or more suitable target businesses may result in a conflict of interest when determining whether the terms, conditions and timing of a particular business combination are appropriate and in SPAH s stockholders best interest.

Unless SPAH consummates an initial business combination, SPAH s officers and directors and affiliates of SP Acq LLC and their employees will not receive reimbursement for any out-of-pocket expenses incurred by them to the extent that such expenses exceed the amount of available proceeds not deposited in the trust account and the amount of interest income from the trust account that may be released to SPAH as working capital. These amounts were calculated based on management s estimates of the funds needed to finance SPAH s operations for 24 months and to pay expenses in identifying and consummating its initial business combination. Those estimates may prove to be inaccurate, especially if a portion of the available proceeds is used to make a down payment in connection with the initial business combination or pay exclusivity or similar fees or if SPAH expends a significant portion in pursuit of an initial business combination that is not consummated. SPAH s officers and directors may, as part of any business combination, negotiate the repayment of some or all of any such expenses. The financial interest of SPAH s officers and directors and SP Acq LLC could influence SPAH s officers and directors motivation in selecting a target business, and therefore they may have a conflict of interest when determining whether a particular business combination is in the best interest of SPAH s stockholders. Specifically, SPAH s officers and directors may tend to favor potential initial business combinations with target businesses that offer to reimburse any expenses that SPAH did not have the funds to reimburse itself.

SPAH s officers and directors may have a conflict of interest with respect to evaluating a particular initial business combination if the retention or resignation of any such officers and directors were included by a target business as a condition to any agreement with respect to an initial business combination.

In general, officers and directors of a corporation incorporated under the laws of the State of Delaware are required to present business opportunities to a corporation if:

the corporation could financially undertake the opportunity;

the opportunity is within the corporation s line of business; and

it would not be fair to the corporation and its stockholders for the opportunity not to be brought to the attention of the corporation.

Accordingly, as a result of multiple business affiliations, SPAH s officers and directors may have similar legal obligations relating to presenting business opportunities meeting the above-listed criteria to multiple entities. In addition, conflicts of interest may arise when the SPAH Board evaluates a particular business opportunity with respect to the above-listed criteria. SPAH cannot assure you that any of the above mentioned conflicts will be resolved in its favor.

Each of SPAH s officers and directors has, or may come to have, to a certain degree, other fiduciary obligations. Members of SPAH s management team have fiduciary obligations to other companies on whose board of directors they presently sit, or may have obligations to companies whose board of directors they may join in the future. To the extent that they identify business opportunities that may be suitable for SPAH or other companies on whose board of directors they may sit, SPAH s directors will honor those fiduciary obligations. Accordingly, they may not present opportunities to SPAH that come to their attention in the performance of their duties as directors of such other entities unless the other companies have declined to accept such opportunities or clearly lack the resources to take advantage of such opportunities.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires SPAH s officers, directors and persons who own more than ten percent of a registered class of SPAH s equity securities to file reports of ownership and changes in ownership with the SEC. Officers, directors and ten percent stockholders are required by regulation to furnish SPAH with copies of all Section 16(a) forms they file. Based solely on copies of such forms received, SPAH believes that, during the year

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ended December 31, 2008 and for the six months ended June 30, 2009, all filing requirements applicable to SPAH officers, directors and greater than ten percent beneficial owners were complied with.

Executive Compensation

Compensation Discussion and Analysis

None of SPAH s officers or directors has received any cash compensation for services rendered. In June 2007, each of SPAH s independent directors purchased 100,000 founder s units for a purchase price of $330, and purchased 100,000 additional founder s warrants for an aggregate purchase price of $100,000 upon the consummation of SPAH s initial public offering. However, none of them serve as officers of SPAH nor receive any compensation for serving in such role, other than reimbursement of actual out-of-pocket expenses. As the price paid for the founder s units and additional founder s warrants was fair market value at the time, SPAH does not consider the value of the units at the offering price to be compensation. Rather, SPAH believes that because they own such shares, no compensation (other than reimbursement of out of pocket expenses) is necessary and such persons agreed to serve in such role without compensation.

SPAH has agreed to pay Steel Partners, Ltd., an affiliate of Mr. Lichtenstein, a total of $10,000 per month for office space, administrative services and secretarial support until the earlier of SPAH s consummation of a business combination or liquidation. This arrangement is being agreed to by Steel Partners, Ltd. for SPAH s benefit and is not intended to provide Steel Partners, Ltd. compensation in lieu of a management fee. SPAH believes that such fees are at least as favorable as SPAH could have obtained from an unaffiliated third party. Following the consummation of the merger, this agreement with Steel Partners, Ltd. will be terminated.

Other than this $10,000 per-month fee, no compensation of any kind, including finder s and consulting fees, will be paid to any of SPAH s officers or directors, or any of their respective affiliates, for services rendered prior to or in connection with a business combination. However, these individuals and SP Acq LLC will be reimbursed for any out-of-pocket expenses incurred in connection with activities on SPAH s behalf such as identifying potential target businesses and performing due diligence on suitable business combinations. After a business combination, any of SPAH s officers or directors who remain with SPAH may be paid consulting, management or other fees from the combined company with any and all amounts being fully disclosed to stockholders, to the extent then known, in the proxy solicitation materials furnished to SPAH s stockholders. It is unlikely the amount of such compensation will be known at the time of a stockholder meeting held to consider a business combination, as it will be up to the directors of the post-combination business to determine executive and director compensation.

Other than the securities described above and in the section appearing below entitled Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters , neither SPAH s officers nor SPAH s directors has received any of SPAH s equity securities.

Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Principal Stockholders of SPAH Prior to the Merger

The following table sets forth information regarding the direct and indirect beneficial ownership of SPAH s common stock as of September 17, 2009 by:

- each beneficial owner of more than 5% of SPAH s outstanding shares of common stock;
- each of SPAH s officers and directors; and

all SPAH s officers and directors as a group.

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Unless otherwise indicated, SPAH 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. The following table does not reflect record or beneficial ownership of the co-investment shares or the initial founder s warrants, the additional founder s warrants, or the co-investment warrants, as these warrants are not exercisable within 60 days of the date of this report.

Name and Address of Beneficial Owner(1)	Number of Shares of Common Stock Beneficially Owned	Approximate Percentage of Outstanding Common Stock Beneficially Owned
Warren G. Lichtenstein(2)(3)	10,322,400	19.0%
SP Acq LLC	9,653,412	17.8%
Steel Partners II Liquidating Series Trust Series F(3)	668,988	1.2%
Steel Partners II, L.P.(3)	668,988	1.2%
Steel Partners II GP LLC(3)	668,988	1.2%
Steel Partners LLC(3)	668,988	1.2%
Steel Partners Holdings L.P.(3)	668,988	1.2%
Anthony Bergamo(4)	109,653	*
Ronald LaBow(4)	109,653	*
Howard M. Lorber(4)	109,653	*
Leonard Toboroff(4)	109,653	*
S. Nicholas Walker(4)	109,653	*
Jack L. Howard(5)		
James R. Henderson(5)		
Patrick M. Fahey		
QVT Financial LP(6) 1177 Avenue of the Americas, 9th Floor New York, New York 10036	4,856,550	9.0%

HBK Investments L.P.(7) 300 Crescent Court, Suite 700 Dallas, Texas, 75201	5,351,585	9.9%
Fir Tree, Inc.(8) 505 Fifth Avenue,23rd Floor New York, New York 10017	4,001,000	7.4%
Millennium Management LLC(9) 666 Fifth Avenue New York, New York 10103	6,019,050	11.1%
Hartz Capital, Inc.(10) 400 Plaza Drive Secaucus, New Jersey	2,812,416	5.2%
All executive officers and directors as a group (8 individuals)(2)(3)	10,822,400	20.0%

* Less than one percent.

(1) Unless otherwise indicated, the business address of each of the individuals or entities is 590 Madison Avenue, 32nd Floor, New York, New York 10022.

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(2) Mr. Lichtenstein is the managing member of SP Acq LLC and may be considered to have beneficial ownership of SP Acq LLC s interest in SPAH. Mr. Lichtenstein disclaims beneficial ownership of any shares in which he does not have a pecuniary interest.

(3) SP II, as nominee, holds the shares of common stock of SPAH beneficially owned by the Steel Trust. Steel Partners LLC is the manager of SP II and Steel Trust. Steel Partners II GP LLC is the general partner of SP II and the liquidating trustee of Steel Trust. Mr. Lichtenstein is the manager of Steel Partners LLC and the managing member of Steel Partners II GP LLC. Steel Partners Holdings L.P. is the sole limited partner of SP II. By virtue of these relationships, each of SP II, Steel Partners LLC, Steel Partners II GP LLC, Mr. Lichtenstein and Steel Partners Holdings L.P. may be deemed to beneficially own the shares of common stock of SPAH beneficially owned by the Steel Trust.

(4) Each of the following persons is a member of SP Acq LLC: Anthony Bergamo, Ronald LaBow, Howard M. Lorber, Leonard Toboroff and S. Nicholas Walker. Such persons have each been granted voting power over the number of shares equal to each of his respective percentage ownership in SP Acq LLC multiplied by the number of shares owned by SP Acq LLC. Accordingly, each of such persons has been attributed 9,653 shares and such shares are also included in the shares held by SP Acq LLC.

(5) Each of Jack L. Howard and James R. Henderson is a member of SP Acq LLC, however, neither of such persons has voting or dispositive power over the shares of common stock owned by SP Acq LLC. Accordingly, the shares held by SP Acq LLC are not deemed to be beneficially owned by either of such persons.

(6) As reported in Amendment No. 2 to Schedule 13G filed with the SEC on February 4, 2009, QVT Financial LP (QVT Financial) is the investment manager for QVT Fund LP (the Fund), which beneficially owns 4,011,419 shares of common stock, and for Quintessence Fund L.P. (Quintessence), which beneficially owns 440,586 shares of common stock. QVT Financial is also the investment manager for a separate discretionary account managed for a third party (the Separate Account), which holds 404,545 shares of common stock. QVT Financial has the power to direct the vote and disposition of the common stock held by the Fund, Quintessence and the Separate Account. Accordingly, QVT Financial may be deemed to be the beneficial owner of an aggregate amount of 4,586,550 shares of common stock, consisting of the shares owned by the Fund and Quintessence and the Separate Account. QVT Financial GP LLC, as General Partner of QVT Financial, may be deemed to beneficially own the same number of shares of common stock reported by QVT Financial. QVT Associates GP LLC, as General Partner of the Fund and Quintessence, may be deemed to beneficially own the aggregate number of shares of common stock owned by the Fund and Quintessence, and accordingly, QVT Associates GP LLC may be deemed to be the beneficial owner of an aggregate amount of 4,452,005 shares of common stock.

(7) As reported in Amendment No. 2 to Schedule 13G filed with the SEC on February 6, 2009, HBK Investments L.P. has delegated discretion to vote and dispose of the Securities to HBK Services LLC (Services). Services may, from time to time, delegate discretion to vote and dispose of certain of the shares to HBK New York LLC, a Delaware limited liability company, HBK Virginia LLC, a Delaware limited liability company, and/or HBK Europe Management LLP, a limited liability partnership organized under the laws of the United Kingdom (collectively, the Subadvisors). Each of Services and the Subadvisors is under common control with HBK Investments L.P.

(8) As reported in Amendment No. 2 to Schedule 13G filed with the SEC on February 10, 2009, Fir Tree SPAC Holdings 1, LLC (SPAC Holdings 1) and Fir Tree SPAC Holdings 2, LLC (SPAC Holdings 2) are the beneficial owners of 2,705,600 shares of common stock and 1,295,400 shares of common stock, respectively. Fir Tree, Inc.

may be deemed to beneficially own the shares of common stock held by SPAC Holdings 1 and SPAC Holdings 2 as a result of being the investment manager of SPAC Holdings 1 and SPAC Holdings 2.

(9) As reported in Amendment No. 1 to Schedule 13G filed with the SEC on November 3, 2008, Integrated Core Strategies (US) LLC, a Delaware limited liability company (Integrated Core Strategies), may be deemed to be the beneficial owner of 4,815,650 shares of common stock. Millenco LLC, a Delaware limited liability company (Millenco) (formerly known as Millenco, L.P.), may be deemed to be the beneficial owner of 1,203,400 shares of common stock. Millennium Management LLC, a Delaware limited liability company (Millennium Management), is the manager of Millenco, and consequently may be deemed to have shared voting control and investment discretion over shares owned by Millenco. Millennium Management is also the

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general partner of Integrated Holding Group LP, a Delaware limited partnership (Integrated Holding Group), which is the managing member of Integrated Core Strategies and consequently may be deemed to have shared voting control and investment discretion over shares owned by Integrated Core Strategies. Israel A. Englander (Mr. Englander) is the managing member of Millennium Management. As a result, Mr. Englander may be deemed to have shared voting control and investment discretion over shares deemed to be beneficially owned by Millennium Management.

(10) As reported in Schedule 13G filed with the SEC on August 27, 2008, Hartz Capital, Inc., is the manager of Hartz Capital Investments, LLC. Each of Hartz Capital, Inc. and Hartz Capital Investments, LLC may be deemed to beneficially own 2,812,416 shares of common stock.

Upon consummation of the merger, SP Acq LLC has agreed to forfeit 8,987,883 of the 9,653,412 founder s shares it owns and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker have agreed to forfeit an aggregate of 465,530 of the 500,000 founder s shares they own.

Upon the sale of the co-investment units, the SPAH insiders will collectively own approximately 8.7% of SPAH s issued and outstanding shares of common stock (assuming no SPAH public stockholder exercise their conversion rights), which could permit them to effectively influence the outcome of all matters requiring approval by SPAH s stockholders at such time, including the election of directors and approval of significant corporate transactions, following the consummation of the merger.

SPAH s initial public offering prospectus discloses that in the event SP II does not purchase the co-investment units, the SPAH insiders have agreed to surrender and forfeit their founder s units to SPAH; provided that such surrender and forfeiture will not be required if SP Acq LLC purchases such co-investment units. In such event, SP II previously agreed to transfer its founder s units to SP Acq LLC. Since the Steel Trust has agreed to purchase the co-investment units and thereafter transfer such units to a permitted transferee of SP II, SPAH public stockholders may have a securities law claim against SPAH for rescission or damages, as described more fully under The Merger and the Merger Agreement-Rescission Rights.

SP Acq LLC is a holding company founded to form SPAH and hold an investment in the founder s units. Subject to the terms of its operating agreement, SP Acq LLC may distribute the founder s units to its members at any time, subject further to the transfer and other restrictions applicable to permitted transferees described below and to applicable federal and state securities laws.

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Principal Stockholders of SPAH Following the Consummation of the Merger

The following table sets forth information regarding the direct and indirect beneficial ownership of SPAH s common stock by:

each current beneficial owner of more than 5% of SPAH s outstanding shares of common stock;

each of SPAH s current officers and directors; and

all of SPAH s current officers and directors as a group,

assuming (i) the proposed merger is consummated, (ii) the Steel Trust acquires the co-investment units, (iii) SP Acq LLC and the current members of the SPAH Board forfeit an aggregate of 9,453,412 shares of SPAH common stock, (iv) no Frontier shareholders exercise dissenters rights, (v) no SPAH public stockholders exercise conversion rights and (vi) no warrants are exercised.

Name and Address of Beneficial Owner(1)	Number of Shares of Common Stock Beneficially Owned	Approximate Percentage of Outstanding Common Stock Beneficially Owned
Warren G. Lichtenstein(2)(3)	4,334,517	8.6%
SP Acq LLC	665,529	1.3%
Steel Partners II Liquidating Series Trust Series F(3)	3,668,988	7.3%
Steel Partners II, L.P.(3)	3,668,988	7.3%
Steel Partners II GP LLC(3)	3,668,988	7.3%
Steel Partners LLC(3)	3,668,988	7.3%
Steel Partners Holdings L.P.(3)	3,668,988	7.3%
Anthony Bergamo(4)	7,560	*
Ronald LaBow(4)	7,560	*
Howard M. Lorber(4)	7,560	*
Leonard Toboroff(4)	7,560	*
S. Nicholas Walker(4)	7,560	*

Jack L. Howard(5)		*
James R. Henderson(5)		*
Patrick M. Fahey		*
QVT Financial LP(6) 1177 Avenue of the Americas, 9th Floor New York, New York 10036	4,856,550	9.7%
HBK Investments L.P.(7) 300 Crescent Court, Suite 700 Dallas, Texas, 75201	5,351,585	10.7%
Fir Tree, Inc.(8) 505 Fifth Avenue, 23rd Floor New York, New York 10017	4,001,000	8.0%
Millennium Management LLC(9) 666 Fifth Avenue New York, New York 10103	6,019,050	12.0%
Hartz Capital, Inc.(10) 400 Plaza Drive Secaucus, New Jersey	2,812,416	5.6%
All executive officers and directors as a group (8 individuals)(2)(3)	4,368,988	8.7%

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* Less than one percent.

(1) Unless otherwise indicated, the business address of each of the individuals or entities is 590 Madison Avenue, 32nd Floor, New York, New York 10022.

(2) Mr. Lichtenstein is the managing member of SP Acq LLC and may be considered to have beneficial ownership of SP Acq LLC s interest in SPAH. Mr. Lichtenstein disclaims beneficial ownership of any shares in which he does not have a pecuniary interest. Of the 4,334,517 shares of common stock Mr. Lichtenstein may be deemed to beneficially own, 2,063,806 shares will be held as Non-Voting Common Stock, as described in footnote (3) below.

(3) In addition to the exercise restrictions set forth in the proposed warrant amendment proposal, the Steel Trust has agreed to convert certain shares of its voting common stock into Non-Voting Common Stock as necessary in order to maintain an ownership level of voting common stock below 5% of the total outstanding shares of voting. As a result, of the 3,668,988 shares of common stock of SPAH beneficially owned by the Steel Trust, 1,605,182 shares will be held as voting common stock and 2,063,806 shares will be held as Non-Voting Common Stock. SP II, as nominee, holds the shares of common stock of SPAH beneficially owned by the Steel Trust. Steel Partners LLC is the manager of SP II and Steel Trust. Steel Partners II GP LLC is the general partner of SP II and the liquidating trustee of Steel Trust. Mr. Lichtenstein is the manager of Steel Partners LLC and the managing member of Steel Partners II GP LLC. Steel Partners Holdings L.P. is the sole limited partner of SP II. By virtue of these relationships, each of SP II, Steel Partners LLC, Steel Partners II GP LLC, Mr. Lichtenstein and Steel Partners Holdings L.P. may be deemed to beneficially own the shares of common stock of SPAH beneficially owned by the Steel Trust.

(4) Each of the following persons is a member of SP Acq LLC: Anthony Bergamo, Ronald LaBow, Howard M. Lorber, Leonard Toboroff and S. Nicholas Walker. Such persons have each been granted voting power over the number of shares equal to each of his respective percentage ownership in SP Acq LLC multiplied by the number of shares owned by SP Acq LLC. Accordingly, each of such persons has been attributed 666 shares and such shares are also included in the shares held by SP Acq LLC.

(5) Each of Jack L. Howard and James R. Henderson is a member of SP Acq LLC, however, neither of such persons has voting or dispositive power over the shares of common stock owned by SP Acq LLC. Accordingly, the shares held by SP Acq LLC are not deemed to be beneficially owned by either of such persons.

(6) As reported in Amendment No. 2 to Schedule 13G filed with the SEC on February 4, 2009, QVT Financial LP (QVT Financial) is the investment manager for QVT Fund LP (the Fund), which beneficially owns 4,011,419 shares of common stock, and for Quintessence Fund L.P. (Quintessence), which beneficially owns 440,586 shares of common stock. QVT Financial is also the investment manager for a separate discretionary account managed for a third party (the Separate Account), which holds 404,545 shares of common stock. QVT Financial has the power to direct the vote and disposition of the common stock held by the Fund, Quintessence and the Separate Account. Accordingly, QVT Financial may be deemed to be the beneficial owner of an aggregate amount of 4,586,550 shares of common stock, consisting of the shares owned by the Fund and Quintessence and the Separate Account. QVT Financial GP LLC, as General Partner of QVT Financial, may be deemed to beneficially own the same number of shares of common stock reported by QVT Financial. QVT Associates GP LLC, as General Partner of the Fund and Quintessence, may be deemed to beneficially own the aggregate number of shares of common stock owned by the Fund and Quintessence, and accordingly, QVT Associates GP LLC may be deemed to be the beneficial owner of an aggregate amount of 4,452,005 shares of common stock.

(7) As reported in Amendment No. 2 to Schedule 13G filed with the SEC on February 6, 2009, HBK Investments L.P. has delegated discretion to vote and dispose of the Securities to HBK Services LLC (Services). Services may, from time to time, delegate discretion to vote and dispose of certain of the shares to HBK New York LLC, a Delaware limited liability company, HBK Virginia LLC, a Delaware limited liability company, and/or HBK Europe Management LLP, a limited liability partnership organized under the laws of the United Kingdom (collectively, the Subadvisors). Each of Services and the Subadvisors is under common control with HBK Investments L.P.

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(8) As reported in Amendment No. 2 to Schedule 13G filed with the SEC on February 10, 2009, Fir Tree SPAC Holdings 1, LLC (SPAC Holdings 1) and Fir Tree SPAC Holdings 2, LLC (SPAC Holdings 2) are the beneficial owners of 2,705,600 shares of common stock and 1,295,400 shares of common stock, respectively. Fir Tree, Inc. may be deemed to beneficially own the shares of common stock held by SPAC Holdings 1 and SPAC Holdings 2 as a result of being the investment manager of SPAC Holdings 1 and SPAC Holdings 2.

(9) As reported in Amendment No. 1 to Schedule 13G filed with the SEC on November 3, 2008, Integrated Core Strategies (US) LLC, a Delaware limited liability company (Integrated Core Strategies), may be deemed to be the beneficial owner of 4,815,650 shares of common stock. Millenco LLC, a Delaware limited liability company (Millenco) (formerly known as Millenco, L.P.), may be deemed to be the beneficial owner of 1,203,400 shares of common stock. Millennium Management LLC, a Delaware limited liability company (Millennium Management), is the manager of Millenco, and consequently may be deemed to have shared voting control and investment discretion over shares owned by Millenco. Millennium Management is also the general partner of Integrated Holding Group LP, a Delaware limited partnership (Integrated Holding Group), which is the managing member of Integrated Core Strategies and consequently may be deemed to have shared voting control and investment discretion over shares owned by Integrated Core Strategies. Israel A. Englander (Mr. Englander) is the managing member of Millennium Management. As a result, Mr. Englander may be deemed to have shared voting control and investment discretion over shares deemed to be beneficially owned by Millennium Management.

(10) As reported in Schedule 13G filed with the SEC on August 27, 2008, Hartz Capital, Inc., is the manager of Hartz Capital Investments, LLC. Each of Hartz Capital, Inc. and Hartz Capital Investments, LLC may be deemed to beneficially own 2,812,416 shares of common stock.

Transfer Restrictions

The SPAH insiders previously entered into lock-up agreements, pursuant to which they have agreed not to sell or transfer their founder s units and the founder s shares and initial founder s warrants comprising the founder s units (including the common stock to be issued upon the exercise of the initial founder s warrants) for a period of one year from the date the merger is consummated, except in each case to permitted transferees who agree to be subject to the same transfer restrictions. The Steel Trust has agreed to be bound by these transfer restrictions.

SP II previously agreed not to sell or transfer the co-investment units, co-investment shares or co-investment warrants (including the common stock to be issued upon exercise of the co-investment warrants) until one year after SPAH completes the merger except to permitted transferees who agree to be bound by such transfer restrictions. The Steel Trust has agreed to be bound by these transfer restrictions.

The permitted transferees under the lock-up agreements are SPAH s officers, directors and employees and other persons or entities associated or affiliated with SP II or Steel Partners, Ltd. (other than, in the case of SP II and SP Acq LLC, their respective limited partners or members in their capacity as limited partners or members). Any transfer to a permitted transferee will be in a private transaction exempt from registration under the Securities Act, pursuant to Section 4(i) thereof.

During the lock-up period, the SPAH insiders and any permitted transferees to whom they transfer shares of common stock will retain all other rights of holders of SPAH common stock, including, without limitation, the right to vote their shares of common stock (except to the extent they convert their voting common stock into Non-Voting Common Stock or receive Non-Voting Common Stock upon exercise of their warrants) and the right to receive cash dividends, if declared. If dividends are declared and payable in shares of common stock, such dividends will also be subject to

the lock-up agreement. If SPAH is unable to effect the merger and liquidates, the SPAH insiders have waived the right to receive any portion of the liquidation proceeds with respect to the founder s shares. Any permitted transferees to whom the founder s shares are transferred will also agree to waive that right.

Certain Relationships, Related Transactions and Director Independence

On March 22, 2007, SP Acq LLC, which is controlled by Mr. Lichtenstein, purchased 11,500,000 of SPAH s units. On June 25, 2007, a total of 500,000 founder s units were sold by SP Acq LLC to Anthony Bergamo, Ronald LaBow, Howard M. Lorber, Leonard Toboroff and S. Nicholas Walker, each a director of SPAH, in private

transactions subject to the succeeding sentence. Pursuant to the purchase agreement dated March 30, 2007, SP Acq LLC sold 662,791 founder s units to SP II, an affiliate of SP Acq LLC.

On August 8, 2007, SPAH declared a unit dividend of 0.15 units for each outstanding share of common stock. On September 4, 2007, SPAH declared a unit dividend of one-third of a unit for each outstanding share of common stock. Pursuant to an adjustment agreement SPAH entered into with each of the SPAH insiders, each agreed to assign their right to receive the additional founder s units they received pursuant to the dividend to SP Acq LLC. 667,600 of these additional founder s units were subsequently forfeited by SP Acq LLC in connection with the exercise of the underwriters over-allotment option so that the holders of SPAH s founder s units maintained collective ownership of 20% of SPAH s units.

On March 22, 2007, SP Acq LLC entered into an agreement with SPAH to purchase 5,250,000 warrants at a price of $1.00 per warrant, upon the consummation of SPAH s initial public offering. Subsequent to this agreement, Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker agreed that they would purchase a total of 500,000 of the additional founder s warrants from SP Acq LLC. On October 4, 2007, SP Acq LLC agreed to purchase an additional 1,750,000 additional founder s warrants at a price of $1.00 per warrant immediately prior to SPAH s initial public offering resulting in an aggregate purchase of 7,000,000 additional founder s warrants. SPAH believes the purchase price of $1.00 per warrant for the additional founder s warrants represented the fair value of such warrants on the date of purchase and accordingly no compensation expense has been recognized with respect to the issuance of the additional founder s warrants. The $7.0 million of proceeds from the investment in the 7,000,000 additional founder s warrants has been placed in the trust account pending SPAH s completion of the merger. If SPAH does not complete the merger or another initial business combination, then the $7.0 million will be part of the liquidation distribution to the SPAH public stockholders, and the additional founder s warrants will expire worthless. The additional founder s warrants are non-redeemable so long as they are held by SP Acq LLC or its permitted transferees.

Pursuant to the terms of the purchase agreements with Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker, SP Acq LLC may repurchase the founder s units owned by Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker in the event of their resignation or removal for cause from SPAH s Board.

The founder s units are identical to those sold in SPAH s initial public offering, except that:

- The SPAH insiders have agreed to vote all of their founder s shares either for or against the merger as determined by the SPAH public stockholders who vote at the special meeting called for the purpose of approving SPAH s initial business combination;
- SPAH insiders have waived their conversion rights;
- The SPAH insiders have agreed that the founder s shares included therein will not participate with the common stock included in the units sold in SPAH s initial public offering in any liquidating distribution;
- the initial founder s warrants included therein:
  - only become exercisable after consummation of the merger if and when the last sales price of SPAH s common stock exceeds $14.25 per share for any 20 trading days within a 30 trading day period beginning 90 days after the merger; and
  - are non-redeemable so long as they are held by SP Acq LLC or its permitted transferees, including the Steel Trust and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker; and

will be forfeited in the event that SP II or SP Acq LLC fails to purchase the co-investment units. Notwithstanding the foregoing, the Steel Trust has agreed to assume all of SP II s rights and obligations with respect to SP II s founder s shares and warrants, including to purchase the co-investment units.

On March 22, 2007, SP II agreed to purchase an aggregate of 3,000,000 units, directly from SPAH at a price of $10.00 per unit ($30.0 million in the aggregate) in a private placement that will occur immediately prior to the consummation of the merger. Pursuant to a plan of reorganization, SP II has contributed certain assets to the Steel Trust, a liquidating trust established for the purpose of effecting the orderly liquidation of such assets. As a result, all of the founder s units owned by SP II, including the founder s shares and initial founder s warrants comprising the

units, have been transferred to the Steel Trust in a private transaction exempt from registration under the Securities Act. The Steel Trust has agreed to assume all of SP II s rights and obligations with respect to the founder s units, as more fully described elsewhere in this joint proxy statement/prospectus, including the obligation to purchase the co-investment units. Since SPAH s initial public offering prospectus disclosed that only SP II or SP Acq LLC may purchase the co-investment units, SPAH public stockholders may have a securities law claim against SPAH for rescission (under which a successful claimant has the right to receive the total amount paid for his or her securities pursuant to an allegedly deficient prospectus, plus interest and less any income earned on the securities, in exchange for surrender of the securities) or damages (compensation for loss on an investment caused by alleged material misrepresentations or omissions in the sale of a security), as described more fully under The Merger and the Merger Agreement Rescission Rights.

SPAH has entered into an agreement with each of the SPAH insiders granting them the right to demand that SPAH register the resale, (i) in the case of each of the SPAH insiders, of the founder s units, the founder s shares, the initial founder s warrants and the shares of common stock underlying the initial founder s warrants, (ii) in the case of SP Acq LLC and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker, the additional founder s warrants and the shares of common stock underlying the additional founder s warrants, and (iii) in the case of SP II (or its permitted transferee including the Steel Trust), the co-investment units, co-investment shares and co-investment warrants and the shares of common stock underlying the co-investment warrants, with respect to the founder s units, the founder s shares, the initial founder s warrants and shares of common stock issuable upon exercise of such warrants, the co-investment units, the co-investment shares and the co-investment warrants and shares issuable upon exercise of such warrants at any time commencing three months prior to the date on which they are no longer subject to transfer restrictions, and with respect to all of the additional founder s warrants and the underlying shares of common stock, at any time after the execution of the merger agreement. SPAH will bear the expenses incurred in connection with the filing of any such registration statements.

As of December 31, 2007, Steel Partners, Ltd., had loaned SPAH a total of $250,000 evidenced by a promissory note, which was used to pay a portion of the expenses of SPAH s initial public offering and organization. This note bore interest at 5%, compounded semi-annually and was to be paid in full by December 31, 2008. This loan was made to SPAH by Steel Partners, Ltd. because SP Acq LLC was recently formed and had limited capital. On June 27, 2008, the note was paid in full.

SPAH has agreed to pay Steel Partners, Ltd. a monthly fee of $10,000 for office space and administrative services, including secretarial support. This fee commenced upon the completion of SPAH s initial public offering. SPAH believes that such fees are at least as favorable as SPAH could have obtained from an unaffiliated third party. Following the consummation of the merger, this agreement with Steel Partners, Ltd. will be terminated.

SPAH will reimburse its officers, directors and affiliates, including affiliates of SP Acq LLC and their employees, for any reasonable out-of-pocket business expenses incurred by them in connection with certain activities on SPAH s behalf such as identifying and investigating possible target businesses and business combinations. Subject to availability of proceeds not placed in the trust account and interest income of $3.5 million on the balance in the trust account that was previously released to SPAH to fund its working capital requirements, there is no limit on the amount of out-of-pocket expenses that could be incurred. SPAH s audit committee will review and approve all payments made to SPAH s officers, directors and affiliates, including affiliates of SP Acq LLC and their employees, other than the payment of an aggregate of $10,000 per month to Steel Partners, Ltd. for office space, secretarial and administrative services, and any payments made to members of SPAH s audit committee will be reviewed and approved by the SPAH Board, with the interested director or directors abstaining from such review and approval. To the extent such out-of-pocket expenses exceed the available proceeds not deposited in the trust account and interest income of $3.5 million on the balance in the trust account previously released to SPAH to fund its working capital requirements, such out-of-pocket expenses would not be reimbursed by SPAH unless SPAH consummates the merger

or another business combination.

Other than reimbursable out-of-pocket expenses, including travel expenses, payable to SPAH s officers and directors and SP Acq LLC or its affiliates and an aggregate of $10,000 per month paid to Steel Partners, Ltd. for office space, secretarial and administrative services, no compensation or fees of any kind, including finder s and

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consulting fees or any other forms of compensation, including but not limited to stock options, will be paid to any of SPAH s officers or directors or their affiliates.

Upon consummation of the merger, SP Acq LLC has agreed to forfeit 8,987,883 of the 9,653,412 founder s shares it owns and Messrs. Bergamo, LaBow, Lorber, Toboroff and Walker have agreed to forfeit an aggregate of 465,530 of the 500,000 founder s shares they own.

Changes in Registrant s Certifying Accountant

On January 6, 2009, SPAH dismissed Grant Thornton LLP (GT) as its independent registered public accounting firm, effective immediately. The decision to dismiss GT was approved by the Audit Committee of the SPAH Board.

The reports of GT on the financial statements of SPAH for the period from February 14, 2007 (date of inception) to March 31, 2007, the cumulative period from February 14, 2007 (date of inception) to October 16, 2007 and the cumulative period from February 14, 2007 (date of inception) to December 31, 2007 did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principle.

From February 14, 2007 (date of inception) to December 31, 2007 and through January 6, 2009, there were no disagreements with GT on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to the satisfaction of GT, would have caused them to make reference thereto in their reports on the financial statements for such years.

On January 7, 2008, GT advised SPAH that it believed SPAH had a material weakness in that the SPAH internal control structure had an operational failure whereby SPAH did not properly record the stock that is redeemable outside the control of SPAH as mezzanine equity. SPAH inadvertently omitted disclosure of this redemption feature in the October 16, 2007 financial statements. Accordingly, on January 8, 2008, SPAH filed an amended Current Report on Form 8-K (the Amended Report) with the SEC, amending the original Current Report on Form 8-K, filed with the SEC on October 23, 2007, to reclassify the redeemable common stock on SPAH s balance sheet and statement of stockholders equity at October 16, 2007 and to add disclosure of this feature to the notes to the financial statements. SPAH filed the Amended Report to conform SPAH s financial statements with Regulation S-X 5.08, consistent with other blank check companies with similar business plans. The redemption feature of SPAH s common stock had been fully disclosed in SPAH s Prospectus, dated October 10, 2007, and subsequently in SPAH s Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, filed with the SEC on November 16, 2007.

From February 14, 2007 (date of inception) to December 31, 2007 and through January 6, 2009, there were no reportable events as that term is described in Item 304(a)(1)(v) of Regulation S-K, other than as indicated above.

As a result of the filing of the Amended Report as described above, SPAH augmented its internal controls over financial reporting and reported the following in Item 9A of its 2007 Annual Report on Form 10-K filed on March 27, 2008:

...other than certain augmentation of the company s internal controls over financial reporting in connection with the company becoming a public company, including supplementing the reporting and review processes with respect to applicable United States generally accepted accounting principles and SEC rules, there has been no changes to the company s internal controls which has materially affected, or is reasonably likely to materially affect, the company s internal control over financial reporting.

On January 6, 2009, SPAH engaged J.H. Cohn LLP as SPAH s independent registered public accountant. The engagement of J.H. Cohn LLP was approved by the Audit Committee of the SPAH Board.

From February 14, 2007 (date of inception) to December 31, 2007 and through January 6, 2009, SPAH did not consult with J.H. Cohn LLP with respect to either (i) the application of accounting principles to a specified transaction, either completed or proposed; (ii) the type of audit opinion that might be rendered on SPAH s financial statements; or (iii) any matter that was either the subject of disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K) or a reportable event (as defined in Item 304(a)(1)(v) of Regulation S-K).

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INFORMATION ABOUT FRONTIER

(References to we , our , us and the Corporation refer to Frontier Financial Corporation and its subsidiary, for purposes of this section only.)

Frontier

Frontier is a Washington corporation which was incorporated in 1983 and is registered as a bank holding company under the BHC Act. At June 30, 2009, Frontier had one operating subsidiary, Frontier Bank, which is engaged in a general banking business and in businesses related to banking. Effective December 30, 2008, FFP, Inc., a nonbank corporation, which leased property to Frontier Bank, was merged into Frontier Bank.

Frontier s principal executive offices are located at 332 S.W. Everett Mall Way, P.O. Box 2215, Everett, Washington 98213 and the company s telephone number at that address is (425) 347-0600. Frontier maintains an Internet website at www.frontierbank.com. Frontier is not incorporating the information on its website into this report, and neither this website nor the information on this website is included or incorporated in, or is a part of, this joint proxy statement/prospectus.

Frontier Bank

Frontier Bank is a Washington state-chartered commercial bank with headquarters located north of Seattle, in Everett, Snohomish County, Washington. Frontier Bank was founded in September 1978, by Robert J. Dickson and local business persons and is an insured bank as defined in the Federal Deposit Insurance Act.

Frontier engages in general banking business in western Washington and Oregon, including the acceptance of demand, savings and time deposits and the origination of loans. As of June 30, 2009, Frontier served its customers from fifty-one offices. In Snohomish County, four offices are located in Everett, and one office each is located in Arlington, Edmonds, Lake Stevens, Marysville, Mill Creek, Monroe, Lynnwood, Smokey Point, Snohomish and Stanwood. Seven offices are located in Pierce County in the cities of Buckley, Edgewood-Milton, Orting, Puyallup, Sumner, Tacoma and University Place. Frontier has thirteen branches in King County, one each in Ballard (Seattle), Bellevue, Bothell, Duvall, Fremont (Seattle), Kent, Kirkland, Lake City (Seattle), Redmond, Renton, Seattle, Totem Lake (Kirkland) and Woodinville. In addition, the following fourteen branches are located in Clallam, Jefferson, Kitsap, Skagit, Thurston and Whatcom Counties: two branches each in Bellingham and Poulsbo, and one each in Bainbridge Island, Bremerton, Gig Harbor, Lacey, Lynden, Mount Vernon, Port Angeles, Port Townsend, Sequim and Silverdale. See Properties.

Banking Services

Frontier offers a wide range of financial services to commercial and individual customers, including short-term and medium-term loans, lines of credit, inventory and accounts receivable financing, equipment financing, residential and commercial construction and mortgage loans secured by real estate, various savings programs, checking accounts, installment and personal loans, and bank credit cards.

Frontier also offers other financial services complementary to banking including an insurance and investment center that markets annuities, life insurance products and mutual funds, a trust department that offers a full array of trust services, and a private banking office to provide personal service to high net worth customers.

The deposits of Frontier Bank are insured by the FDIC, up to the limits specified by law.

Lending Activities

Historically, Frontier s focus has been on real estate construction lending, but the company is in the process of diversifying our loan portfolio. Due to the downturn in the economy and the impact on the local housing market, Frontier is rebalancing its loan portfolio to include more commercial and industrial business and consumer loans.

Frontier has underwriting policies and procedures in place for each type of lending activity in which it is engaged. In all cases and with all types of loans, Frontier requires identification of at least two repayment sources and, in most cases, Frontier requires corporate or similar entities loans to be guaranteed by the entities principal owners.

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Real Estate Loans

Real Estate Loans. Real estate loans represent the largest share of Frontier s loan portfolio at June 30, 2009. These loans are comprised of construction loans, real estate commercial term loans, land development loans, completed lot loans and home mortgages. As noted above, Frontier is in the process of diversifying its loan portfolio. For the most part, Frontier is no longer originating real estate construction, land development or completed lot loans. The construction loan portfolio is comprised of two types:

1. Loans for construction of residential and commercial income-producing properties that generally have terms of less than two years and typically bear an interest rate that floats with Frontier Bank s base rate.

2. Loans for construction of single-family spec and owner-occupied properties that generally have terms of one year or less and typically bear an interest rate that floats with Frontier Bank s base rate.

Although at the present time Frontier is not granting new construction loans, with rare exception of certain in progress workout situations, the standards have normally been relatively specific:

> Loan to value issues are specifically identified in the formal Loan Policy and include maximum bank standards and regulatory supervisory maximums for each type of real estate loan, including construction, land development, commercial real estate, owner occupied residential and commercial loans. Frontier requires minimum equity investments depending upon the type of project and financial strength of each borrower.
>
> Frontier Bank s LTV guidelines for underwriting loans are set forth below. The lesser of cost or appraised value (if the real estate in question was purchased in the past twelve months) is used in calculating the supervisory LTV.

	Institution Guidelines	
Loan Type	**Max LTV Ratio**	**Supervisory Max LTV**
1-4 Family Owner Occupied	80%	90%
Second Liens 1-4 Family	75%	90%
Home Equity Lines	80%	90%
1-4 Family Non owner occupied	70%	90%
5+ Residential Units	70%	85%
Commercial Real Estate	70%	85%
Raw Land	65%	65%
Land Acquisition & Development	70%	75%

Construction:

Commercial, Multi-Family & other Non-Residential	70%	80%
1-4 Family Residential	80%	85%

Real estate loans of all types are secured by valid liens on the real estate involved in the loan and require independent valuations on each parcel, according to loan size. For example, Frontier strictly follows the provisions of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), which in effect mandates an independent appraisal be performed and reviewed on any parcel securing a loan of more than $250 thousand. Frontier has certified appraisal review officers on staff to complete the review of each FIRREA-affected appraisal. Additionally, Frontier requires independent third party valuations for loans below the FIRREA range.

Construction loans require submission of formal budgets and construction monitoring through independent inspection services. In 2009 Frontier centralized all construction loan monitoring in a single department.

Reducing the construction portfolio has been a primary focus. No new construction loans have been made since the fourth quarter of 2008 with the exception of a modest number of custom construction loans with

outstanding balances of less than $10.0 million spread over 50 custom home projects and backed by preapproved takeout loans. The point at which Frontier resumes activity in construction lending is undetermined at this time and the terms under which these loans will be underwritten in the future have not yet been established. Frontier has reorganized its process and procedures in preparation for construction lending as described below.

As of June 30, 2009 construction loans with accompanying interest reserves totaled $199.4 million and $4.0 million respectively. Frontier s legacy information system was not able to provide this breakdown on historical balances. As part of Frontier s construction lending reorganization, a new data software system was installed in April 2009. This new system provides users with real time line item budget tracking data including allocations for interest reserves.

All construction loans are underwritten, documented, administered and monitored for the life of the loan through a centralized servicing center. As it relates to interest reserves, third party inspections are required for each monthly draw request. Construction progress and adherence to line item budgets are strictly monitored using preapproved third party external site inspectors and monthly internally generated progress reports. Advances for interest reserves are subject to a project remaining on budget and on time. When a construction loan is transitioned into nonperforming status all unadvanced funds are eliminated, therefore no interest reserves exist with respect to such loans.

Frontier does process extensions, renewals and term modifications of construction loans with interest reserves within normal banking practices. These changes are subject to added consideration included in the FDIC Order.

Frontier s real estate commercial term loans finance the purchase and/or ownership of income producing properties. These loans are generally mature in one to ten years with a payment amortization schedule ranging from 15 to 25 years. Interest rates may be fixed or variable. The interest rates on fixed rate loans typically reprice between the first and fifth year.

Land development loans are used for either residential or commercial purposes. These loans generally have terms of one year or less and typically bear an interest rate that floats with Frontier Bank s base rate.

Mortgage loans include various types of loans for which real property is held as collateral. These loans, collateralized by one to four family residences, typically have maturities between one and five years with payment amortization schedules ranging from 10 to 20 years. Mortgage loans are written with both fixed and variable rates.

Frontier also originates and sells mortgages into the secondary market. Frontier Bank offers a variety of products for refinancing and purchases and is approved to originate FHA and VA loans. The majority of loans originated in the past year were fixed rate single-family loans. Servicing is sold with the loan. Funding requirements for these loans are minimal as few of these loans are retained for investment.

Commercial and Industrial Loans

This category of loans includes both commercial and industrial loans used to provide working capital or for specific purposes, such as to finance the purchase of fixed assets, equipment or inventory. Commercial loans include lines of credit and term loans. Lines of credit are extended to businesses based on the financial strength and integrity of the borrower and generally are collateralized by short-term assets such as accounts receivable and have a maturity of one year or less. Such lines of credit bear an interest rate that floats with Frontier Bank s base rate or another established index. Commercial term loans are typically made to finance the acquisition of fixed assets, refinance short-term debt originally used to purchase fixed assets or, in rare cases, to finance a business purchase. Commercial term loans generally mature within one to five years. They may be collateralized by the asset being acquired or other available assets. These term loans will generally bear interest that either floats with Frontier Bank s base rate or another established index or is fixed for the term of the loan. Industrial loans consist of farm-related credits used to finance

operating expenses. These loans generally have terms of one year and bear interest that either floats with our base rate or is fixed for the term of the loan. These loans are generally collateralized by farm related assets including land, equipment, crops or livestock.

Commercial and Industrial loans are often underwritten on a case-by-case basis, with the exception of asset-based lines of credit. Frontier recently created a separate department to monitor and control the collateral for

these specialty loans, known as Business Asset Monitoring. Such lines of $500 thousand and over are monitored by this department through established documentation, including control forms and a formal Borrowing Plan document.

Asset-based loans below $500 thousand are handled on a case-by-case basis using the same monitoring documentation as above, with control remotely located in the lending units.

Working capital term loans and equipment acquisition loans are common in the commercial and industrial portfolio, normally mature within five years and are usually secured by business or guarantor owned assets, such as equipment, fixtures, business real estate, or real estate owned by guarantors. Valuation of real estate collateral follows the same procedures as used in the real estate lending. Equipment collateral is normally valued through available sources, such as auction companies, professional equipment appraisers and valuation sources available on the internet, such as N.A.D.A. valuations.

Collateral valuations and loan to values are established through underwriting on a case-by-case basis, dependent upon the financial strength of the borrower, term of the loan, financial performance, reputation and place within the industry, as provided through peer group comparison and analyses.

Installment Loans

Since consumer lending is intertwined so closely with regulatory compliance, Frontier s underwriting procedures are designed with that in mind. Frontier offers loans for numerous consumer purposes, such as home improvement loans, auto, boat and recreational activities.

Loans secured by the borrower s residential and secondary residential property are strictly underwritten within the same guidelines and LTV s as employed in our other real estate lending, including independent valuations and appraisal procedures.

Other types of consumer loans, such as autos and boats, for instance, are evaluated through the professional comparison sources, such as N.A.D.A. Frontier normally requires the borrower to have minimal equity investments, through downpayments, and repayment terms are tailored to the type of loan and collateral.

Frontier also has a Central Lending Department, whose function is to underwrite and administer Frontier Bank s home equity lines of credit (HELOC) product and various credit card applications.

Consumer loans generally have terms ranging from one to five years (except HELOCs, which generally have ten year terms), with up to 20-year amortizations and are written with both fixed and variable rates.

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Concentrations of Credit

The following chart indicates the amount of loans, net of deferred fees, and as a percent of total loans for the years ended December 31 and the second quarter ended June 30, 2009 (in thousands):

		Year Ended December 31,			
	June 30, 2009	2008	2007	2006	2005
Real estate commercial loans	$ 1,017,204	$ 1,044,833	$ 1,003,916	$ 897,714	$ 859,251
Real estate construction loans	$ 713,571	$ 949,909	$ 1,062,662	$ 735,926	$ 554,021
Real estate land development loans	$ 476,562	$ 580,453	$ 537,410	$ 399,950	$ 269,662
Total loans at end of period(1)	$ 3,416,219	$ 3,778,733	$ 3,612,122	$ 2,908,000	$ 2,389,224
Real estate commercial loans as a percent of total loans	29.8%	27.7%	27.8%	30.9%	36.0%
Real estate construction loans as a percent of total loans	20.9%	25.1%	29.4%	25.3%	23.2%
Real estate land development loans as a percent of total loans	14.0%	15.4%	14.9%	13.8%	11.3%

(1) Includes loans for resale.

Investment Activities

From time to time, Frontier acquires investment securities when funds acquired through deposit activities exceed loan demand or when there are collateral requirements. When excess funds are considered temporary in nature by management, they are typically placed in federal funds sold on an overnight basis to correspondent banks, approved by the Frontier Board. This type of investment is not considered desirable, as the interest rate earned on these funds is minimal in nature. When funds are considered longer term, they are generally invested in securities purchased in the open market. At June 30, 2009, Frontier had investments with an amortized cost totaling $87.4 million. Please see Note 3 of Frontier s Consolidated Financial Statements for details on the makeup of the portfolio. Frontier has an investment policy that generally permits purchasing securities rated only in one of the four highest rating categories by a nationally recognized credit rating organization. The investment policy also provides for maturity patterns,

diversification of investments and avoidance of concentrations within the portfolio.

Deposit Activities and Other Funding Sources

Frontier s primary source of funds has historically been customer deposits. The company offers a variety of accounts designed to attract both short-term and long-term deposits in its market area. These accounts include demand (checking), NOW, money market, sweep, savings and certificates of deposit. Interest rates paid on these accounts vary from time to time and are based on competitive factors and liquidity needs. One of Frontier s goals is to maintain noninterest-bearing deposits at the highest level possible. These are low cost funds and help to increase the net interest margin. Noninterest-bearing accounts comprised 12.5% of total deposits at June 30, 2009.

Frontier has other funding sources such as Federal Home Loan Bank (FHLB) advances, federal funds purchased and repurchase agreements. The major source of funds in this area is advances from the FHLB of Seattle. Although this source of funding can be more costly than deposit activities, large portions of funds are available very quickly for meeting loan commitments. Frontier s line of credit with the FHLB is approximately 15% of qualifying Bank assets and is collateralized by qualifying first mortgage loans, qualifying commercial real estate and government agency securities. At June 30, 2009, Frontier had FHLB advances totaling $421.1 million (please refer to Note 9 in Frontier s Consolidated Financial Statement for detail regarding these advances). These advances were collateralized with $814.3 million in qualifying first mortgages, other certain assets and FHLB stock. No commercial real estate or government securities were pledged at year end. The unused portion of this credit line at June 30, 2009, was $14.2 million.

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Other Financial Services

Frontier offers other financial services complementary to banking, including an insurance and investment center that markets annuities, life insurance products and mutual funds to our customers and the general public, a trust department that offers a full array of trust services and a private banking office to provide personal service to high net worth customers.

Business Strategy

Frontier s current business strategies are as follows:

Continue to reduce the company s concentration in real estate construction and land development loans.

Proactively managing credit quality and loan collections and improve asset quality.

Diversify the company s loan portfolio by expanding commercial and industrial lending through the company s existing branches.

Manage liquidity and maintain and improve the company s capital position in compliance with regulatory guidelines.

Continue to seek out feasible expense reduction measures.

Increase core deposits to fund loan growth and maintain net interest margins through an enhanced branch network and online banking.

Frontier and its subsidiary, Frontier Bank, are subject to regulatory actions, with respect to their operations, including an FDIC Order described in Management s Discussion and Analysis of Financial Condition and Results of Operations Regulatory Actions.

Competition

The banking industry is highly competitive. Frontier faces strong competition in attracting deposits and in originating loans. The most direct competition for deposits has historically come from other commercial banks, saving institutions and credit unions located in Frontier s primary market area. As with all banking organizations, Frontier also has competition from nonbanking sources, including mutual funds, corporate and governmental debt securities and other investment alternatives. The company expects increasing competition from other financial institutions and nonbanking sources in the future. Many of Frontier s competitors have more significant financial resources, larger market share and greater name recognition than Frontier. The existence of such competitors may make it difficult for Frontier to achieve its financial goals.

Frontier s management believes that the principal competitive factors affecting Frontier s markets include interest rates paid on deposits and charged on loans, the range of banking products available and customer service and support. Although Frontier believes that its products currently compete favorably with respect to these factors, there can be no assurance that we can maintain its competitive position against current and potential competitors, especially those with significantly greater financial resources.

Competition for loans comes principally from other commercial banks, savings institutions, credit unions and mortgage banking companies. Frontier competes for loans principally through the efficiency and quality of the services the company provides borrowers and the interest rates and loan fees it charges.

Frontier competes for deposits by offering depositors a wide variety of checking accounts, savings accounts, certificates and other services. Frontier s ability to attract and retain deposits depends on the company s ability to provide deposit products that satisfy the requirements of customers as to interest rates, liquidity, transaction fees, risk of loss of deposit, convenience and other factors. Deposit relationships are actively solicited through a branch sales and service system.

Changes in technology, mostly from the growing use of computers and computer-based technology, present competitive challenges for Frontier. Large banking institutions typically have the ability to devote significant resources to developing and maintaining technology-based services such as on-line banking and other banking

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products and services over the Internet, including deposit services and mortgage loans. Some new banking competitors offer all of these services online. Customers who bank by computer or by telephone may not need to go to a branch location in person. Frontier s high service philosophy emphasizes face-to-face contact with tellers, loan officers and other employees. Frontier s management believes a personal approach to banking is a competitive advantage, one that will remain popular in the communities that Frontier serves. However, customer preferences may change, and the rapid growth of online banking could, at some point, render Frontier s personal, branch-based approach obsolete. Frontier believes it has reduced this risk by offering on-line banking services to customers, and by continuing to provide 24-hour banking services. There can be no assurance that these efforts will be successful in preventing the loss of customers to competitors.

Regulation and Supervision

The following discussion is only intended to provide summaries of significant statutes and regulations that affect the banking industry and is therefore not complete. Changes in applicable laws or regulations, and in the policies of regulators, may have a material effect on our business and prospects. We cannot accurately predict the nature or extent of the effects on our business and earnings that fiscal or monetary policies, or new federal or state laws, may have in the future. See Supervision and Regulation for a more complete discussion of banking laws and regulations.

General

Frontier is extensively regulated under federal and state law. These laws and regulations are primarily intended to protect depositors, not shareowners. The discussion below describes and summarizes certain statutes and regulations. These descriptions and summaries are qualified in their entirety by reference to the particular statute or regulation. Changes in applicable laws or regulations may have a material effect on our business and prospects. Frontier s operations may also be affected by changes in the policies of banking and other government regulators. Frontier cannot accurately predict the nature or extent of the possible future effects on the company s business and earnings of changes in fiscal or monetary policies, or new federal or state laws and regulations.

Compliance

In order to assure that Frontier is in compliance with the laws and regulations that apply to its operations, including those summarized below, the company employs a compliance officer, and engages an independent compliance auditing firm. Frontier is regularly reviewed or audited by the Federal Reserve, the FDIC, and the Washington DFI, during which reviews such agencies assess our compliance with applicable laws and regulations. Frontier is currently subject to regulatory actions as a result of recent examinations. See Management s Discussion and Analysis of Financial Condition and Results of Operations Regulatory Actions.

Federal Bank Holding Company Regulation

General: Frontier is a registered bank holding company as defined in the BHC Act and is therefore subject to regulation, supervision and examination by the Federal Reserve. In general, the BHC Act limits the business of bank holding companies to owning or controlling banks and engaging in other activities closely related to banking. Frontier must file reports with the Federal Reserve and must provide it with such additional information as it may require.

The Federal Reserve also has the authority to regulate provisions of certain bank holding company debt. Under certain circumstances, Frontier must file written notice and obtain Federal Reserve approval prior to purchasing or redeeming its equity securities.

Bank holding company capital requirements: The Federal Reserve has established capital ratio guidelines for bank holding companies. A bank holding company is well capitalized under Regulation Y if (1) on a consolidated basis, it maintains a total risk-based capital ratio of 10.0% or greater, (2) on a consolidated basis, the bank holding company maintains a tier 1 risk based capital ratio of 6.0% or greater, and (3) the bank holding company is not subject to any written agreement, order, capital directive, or prompt corrective action directive issued by the Federal Reserve to meet and maintain a specific capital level for any capital measure. In addition, a

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bank holding company generally must maintain a minimum tier 1 leverage ratio of 4%. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity Resources and Capital Adequacy below for a discussion of the applicable federal capital requirements.

Acquisition of Banks: The BHC Act requires every bank holding company to obtain the Federal Reserve s prior approval before:

acquiring direct or indirect ownership or control of any voting shares of any bank if, after the acquisition, the bank holding company will directly or indirectly own or control more than 5% of the bank s voting shares;

acquiring all or substantially all of the assets of any bank; or

merging or consolidating with any other bank holding company.

Additionally, the BHC Act provides that the Federal Reserve may not approve any of these transactions if it would result in or tend to create a monopoly, substantially lessen competition or otherwise function as a restraint of trade, unless the anti-competitive effects of the proposed transaction are clearly outweighed by the public interest in meeting the convenience and needs of the community to be served. The Federal Reserve is also required to consider the financial and managerial resources and future prospects of the bank holding companies and banks concerned and the convenience and needs of the community to be served. The Federal Reserve s consideration of financial resources generally focuses on capital adequacy, which is discussed below.

Restrictions on Ownership of Frontier: The BHC Act requires any bank holding company (as defined in that Act) to obtain the approval of the Board of Governors of the Federal Reserve System prior to acquiring more than 5% of a class of Frontier s outstanding voting stock. Any person other than a bank holding company is required to obtain prior approval of the Federal Reserve to acquire 10% or more of a class of our outstanding voting stock under the Change in Bank Control Act. Any holder of 25% or more of a class of Frontier s outstanding voting stock, other than an individual, is subject to regulation as a bank holding company under the BHC Act.

Holding Company Control of Nonbanks: With some exceptions, the BHC Act also prohibits a bank holding company from acquiring or retaining direct or indirect ownership or control of more than 5% of the voting shares of any company which is not a bank or bank holding company, or from engaging directly or indirectly in activities other than those of banking, managing or controlling banks, or providing services for its subsidiaries. The principal exceptions to these prohibitions involve certain non-bank activities which, by statute or by Federal Reserve regulation or order, have been identified as activities closely related to the business of banking or of managing or controlling banks.

Transactions with Affiliates: Subsidiary banks of a bank holding company are subject to restrictions imposed by the Federal Reserve Act on extensions of credit to the holding company or its subsidiaries, on investments in their securities and on the use of their securities as collateral for loans to any borrower. These regulations and restrictions may limit Frontier s ability to obtain funds from Frontier Bank for Frontier s cash needs, including funds for payment of dividends, interest and operational expenses.

Support of Subsidiary Banks: Under Federal Reserve policy, Frontier is expected to act as a source of financial and managerial strength to Frontier Bank. This means that Frontier is required to commit, as necessary, resources to support Frontier Bank. Any capital loans a bank holding company makes to its subsidiary banks are subordinate to deposits and to certain other indebtedness of those subsidiary banks.

Federal and State Regulation of Frontier Bank

General: Frontier Bank is a Washington state-chartered commercial bank with deposits insured by the FDIC. As a result, Frontier Bank is subject to supervision and regulation by the Washington DFI and the FDIC. These agencies have the authority to prohibit banks from engaging in what they believe constitute unsafe or unsound banking practices.

Lending Limits: Washington banking law generally limits the amount of funds that a bank may lend to a single borrower to 20% of stockowners equity.

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Control of Financial Institutions: The acquisition of 25% or more of a state chartered bank s voting power by any individual, group or entity, is deemed a change in control under Washington banking law, requiring notice and application and prior approval of the Washington DFI.

Safety and Soundness Standards: Federal law imposes upon banks certain noncapital safety and soundness standards. These standards cover internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation and benefits. Additional standards apply to asset quality, earnings and stock valuation. An institution that fails to meet these standards must develop a plan acceptable to its regulators, specifying the steps that the institution will take to meet the standards. Failure to submit or implement such a plan may subject the institution to regulatory sanctions. Under Washington state law, if the stockowners equity of a Washington state-chartered bank becomes impaired, the Commissioner of the Washington DFI will require the bank to make the impairment good. Failure to make the impairment good may result in the Commissioner s taking possession of the bank and liquidating it.

Dividends: The principal source of Frontier cash reserves are dividends received from Frontier Bank. Washington law limits Frontier Bank s ability to pay cash dividends. Under these restrictions, a bank may not declare or pay any dividend greater than its retained earnings without approval of the Washington DFI. The Washington DFI has the power to require any state-chartered bank to suspend the payment of any and all dividends.

In addition, a bank may not pay cash dividends if doing so would reduce its capital below minimum applicable federal capital requirements. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity Resources and Capital Adequacy below for a discussion of the applicable federal capital requirements.

Brokered Deposits. Under the Federal Deposit Insurance Corporation Improvement Act, or FDICIA, banks may be restricted in their ability to accept brokered deposits, depending on their capital classification. Well-capitalized banks are permitted to accept brokered deposits, but all banks that are not well-capitalized are not permitted to accept such deposits. The FDIC may, on a case-by-case basis, permit banks that are adequately capitalized to accept brokered deposits if the FDIC determines that acceptance of such deposits would not constitute an unsafe or unsound banking practice with respect to the bank. As of June 30, 2009, Frontier had $538.2 million of brokered deposits. As a result of the FDIC Order described below in Management s Discussion and Analysis of Financial Condition and Results of Operations Recent Developments, Frontier is subject to limitations with respect to its brokered deposits.

Commercial Real Estate Guidance: The FDIC and the Federal Reserve issued joint Guidance on Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices on December 6, 2006. The Guidance provides supervisory criteria, including the following numerical indicators, to assist bank examiners in identifying banks with potentially significant commercial real estate loan concentrations that may warrant greater supervisory scrutiny: (1) commercial real estate loans exceed 300% of capital and increased 50% or more in the preceding three years; or (2) construction and land development loans exceed 100% of capital. The Guidance does not limit banks levels of commercial real estate lending activities. The Guidance applies to Frontier, based on the company s current loan portfolio.

Interstate Banking and Branching

The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (Interstate Act) permits nationwide interstate banking and branching under certain circumstances. This legislation generally authorizes interstate branching and relaxes federal law restrictions on interstate banking. Currently, bank holding companies may purchase banks in any state, and states may not prohibit these purchases. Additionally, banks are permitted to merge with banks in other states, as long as the home state of neither merging bank has opted out under the legislation. The Interstate Act requires regulators to consult with community organizations before permitting an interstate institution to close a

branch in a low-income area.

Washington enacted opting in legislation in accordance with the Interstate Act, allowing banks to engage in interstate merger transactions, subject to certain aging requirements. Until recently, Washington restricted out-of-state banks from opening de novo branches; however, in 2005, Washington interstate branching laws were

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amended so that an out-of-state bank may, subject to the Washington DFI s approval, open de novo branches in Washington or acquire an in-state branch so long as the home state of the out-of-state bank has reciprocal laws with respect to de novo branching or branch acquisitions. Once an out-of-state bank has acquired a bank within Washington, either through merger or acquisition of all or substantially all of the bank s assets or through authorized de novo branching, the out-of-state bank may open additional branches within the state.

Deposit Insurance

Frontier Bank s deposits are generally insured to a maximum of $250,000 per depositor through the Deposit Insurance Fund administered by the FDIC. The maximum insured amount is currently scheduled to return to its previous level of $100,000, in 2014. In addition, Frontier Bank is participating in the FDIC Insurance Temporary Liquidity Guarantee Program, in which all noninterest bearing transaction deposit accounts are fully insured until December 31, 2009. Frontier is required to pay deposit insurance premiums, which are assessed semiannually and paid quarterly. The premium amount is based upon a risk classification system established by the FDIC. Banks with higher levels of capital and a low degree of supervisory concern are assessed lower premiums than banks with lower levels of capital or a higher degree of supervisory concern. See Management s Discussion and Analysis of Financial Condition and Results of Operations Regulatory Actions.

The FDIC is also empowered to make special assessments on insured depository institutions in amounts determined by the FDIC to be necessary to give it adequate assessment income to repay amounts borrowed from the U.S. Treasury and other sources or for any other purpose the FDIC deems necessary.

Capital Adequacy

Regulatory Capital Guidelines: Federal bank regulatory agencies use capital adequacy guidelines in the examination and regulation of bank holding companies and banks. The guidelines are risk-based, meaning that they are designed to make capital requirements more sensitive to differences in risk profiles among banks and bank holding companies. Frontier is subject to regulatory actions, including an FDIC Order requiring Frontier Bank to raise its Tier 1 leverage capital ratio to the higher than normal level of 10% of its total assets, by July 29, 2009. With the consummation of the merger, Frontier believes it can increase its Tier 1 capital to compliance levels. See Management s Discussion and Analysis of Financial Condition and Results of Operations-Regulatory Actions .

Tier I and Tier II Capital: Under the guidelines, an institution s capital is divided into two broad categories, Tier I capital and Tier II capital. Tier I capital generally consists of common stockowners equity, surplus and undivided profits. Tier II capital generally consists of the allowance for loan losses, hybrid capital instruments and subordinated debt. The sum of Tier I capital and Tier II capital represents an institution s total capital. The guidelines require that at least 50% of an institution s total capital consist of Tier I capital.

Risk-based Capital Ratio: The adequacy of an institution s capital is gauged primarily with reference to the institution s risk weighted assets. The guidelines assign risk weightings to an institution s assets in an effort to quantify the relative risk of each asset and to determine the minimum capital required to support that risk. An institution s risk weighted assets are then compared with its Tier I capital and total capital to arrive at a Tier I risk-based ratio and a total risk-based ratio, respectively. The guidelines provide that an institution must have a minimum Tier I risk-based ratio of 4% and a minimum total risk-based ratio of 8% in order to be adequately capitalized for prompt corrective action purposes.

Leverage Ratio: The guidelines also employ a leverage ratio, which is Tier I capital as a percentage of total assets less intangibles, to be used as a supplement to risk-based guidelines. The principal objective of the leverage ratio is to constrain the maximum degree to which a bank holding company may leverage its equity capital base. The guidelines

provide that an institution must have a minimum Tier I leverage ratio of 4% in order to be adequately capitalized for prompt corrective action purposes.

Prompt Corrective Action: Under the guidelines, an institution is assigned to one of five capital categories depending on its total risk-based capital ratio, Tier I risk-based capital ratio, and leverage ratio, together with certain subjective factors. The categories are well capitalized, adequately capitalized, undercapitalized,

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significantly undercapitalized, and critically undercapitalized. Institutions that are deemed to be undercapitalized, depending on the category to which they are assigned, are subject to certain mandatory supervisory corrective actions.

Employees

At June 30, 2009, Frontier had 714 full-time equivalent employees, of which 707 were employed in our wholly-owned subsidiary, Frontier Bank, and seven were engaged in our bank holding company, Frontier. The employees are not represented by a collective bargaining unit. We believe we have a good relationship with our employees.

Properties

Frontier s principal office is located in a ninety thousand square foot facility in Everett, Washington. During 2008, Frontier opened a 45,000 square foot office facility addition adjacent to the company s principal office to consolidate its administrative functions. Frontier s data processing and operations center are located in a 16,000 square foot facility located in Everett, Washington. In addition to its principal and administrative facilities, Frontier operates 51 offices in western Washington and Oregon. See Frontier Bank.

Frontier Bank owns the properties and buildings housing Frontier s principal office, data processing and operations center and 29 of the company s branch facilities, including the branch in the company s principal office. Frontier Bank also owns the buildings in which 3 of its branches are located while the land is leased. Frontier leases the land and buildings for 19 of its branch offices. The leases on its branch offices have expiration dates ranging from 2009 to 2034.

The aggregate monthly rental on Frontier s leased properties is approximately $173 thousand.

Legal Proceedings

On August 20, 2009, a putative shareholders class action lawsuit was filed in the Superior Court of Washington, for King County, Civil Action No. 09 2 07813 9, against Frontier, its directors alleging that (i) the merger consideration and process are unfair to Frontier s shareholders, (ii) there are material omissions and misrepresentations in the registration statement, and (iii) certain provisions of the merger agreement improperly discourage competing offers for Frontier, and claiming self-dealing on the part of the Frontier directors. The lawsuit seeks to enjoin the consummation of the merger, damages against the defendants if the transaction is consummated, and other relief. Frontier and its directors believe the plaintiffs allegations are without merit and intend to vigorously defend this action.

In addition, Frontier is periodically a party to or otherwise involved in legal proceedings arising in the normal and ordinary course of business, such as claims to enforce liens, foreclose on loan defaults, and other issues incident to its business. As of June 30, 2009, Frontier Bank had commenced collection proceedings on approximately 789 real estate loans, and there may be additional lawsuits or claims arising out of or related to the impaired loans.

Frontier is unable to predict the outcome of these matters. Frontier s cash expenditures, including legal fees, associated with the pending litigation described above, and the regulatory proceedings described in Management s Discussion & Analysis of Financial Condition and Results of Operations Regulatory Actions , cannot be reasonably predicted at this time. Litigation and any potential regulatory actions or proceedings can be time-consuming and expensive and could divert management time and attention from Frontier s business, which could have a material adverse effect on Frontier s business, results of operations, and financial condition.

Corporate Information

Frontier has registered its common stock under the Exchange Act, and has reporting obligations including the reports that it files annually and quarterly with the SEC. Frontier makes available through the company s Internet website, free of charge, copies of its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after filing such material

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electronically or otherwise furnishing it to the SEC. These filings can be accessed under Investor Relations found on the homepage of Frontier s website at www.frontierbank.com. The company s Code of Ethics for Senior Financial Officers, which includes a code of ethics applicable to the company s accounting and financial employees, including Frontier s chief executive officer and chief financial officer, is also available on Frontier s website under Investor Relations.

These filings, along with Frontier s proxy statement and other information, are also accessible on the SEC s website at www.sec.gov. The public may read and copy any materials the company files with the SEC at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Further, each of these documents is also available in print (at no charge) to any shareowner upon request, addressed to:

Investor Relations
Frontier Financial Corporation
332 S.W. Everett Mall Way
P.O. Box 2215
Everett, WA 98213

Frontier s website and the information contained therein or connected thereto are not incorporated by reference into this joint proxy statement/prospectus.

Management s Discussion & Analysis of Financial Condition and Results of Operations

Financial Overview

The results for the first six months of 2009 reflect continued pressure from an uncertain economy and the negative impact of the economy on the local housing market in Washington and Oregon. For the three months ended June 30, 2009, we reported a net loss of $50.0 million, or ($1.06) per diluted share, compared to net income of $2.1 million, or $0.04 per diluted share, for the three months ended June 30, 2008. For the six months ended June 30, 2009, net loss totaled $83.8 million, or ($1.78) per diluted share, compared to net income of $17.6 million, or $0.37 per diluted share for the same period in 2008. Contributing to the net losses for the three and six months ended June 30, 2009, were provisions for loan losses of $77.0 million and $135.0 million, respectively.

The following represents net income (loss), basic and diluted earnings (loss) per share, the dividend payout ratio, return on average assets and equity and average equity as a percentage of average assets for the three and six months ended June 30, 2009 and 2008 (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Net income (loss)	$ (49,994)	$ 2,074	$ (83,805)	$ 17,575
Basic earnings (loss) per share	$ (1.06)	$ 0.04	$ (1.78)	$ 0.37
Diluted earnings (loss) per share	$ (1.06)	$ 0.04	$ (1.78)	$ 0.37
Cash dividends declared per common share	$	$ 0.175	$	$ 0.355
Dividend payout ratio		437.50%		95.9%
Return on Average				

Assets	(4.92)%	0.20%	(4.03)%	0.87%
Equity	(63.92)%	1.75%	(50.63)%	7.44%
Avg. equity/avg. assets	7.70%	11.59%	7.97%	11.69%

Despite these challenging times, the Frontier Board and management continue to take important steps to strengthen the Corporation. Management has been diligently working to reduce the concentration in real estate construction and land development loans, improve asset quality, capital and on-balance sheet liquidity and reduce expenses.

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Management has successfully reduced the Corporation s concentrations in construction and land development loans by $340.2 million, or 22.2%, from December 31, 2008 to June 30, 2009, and by $913.0 million (including undisbursed commitments) from June 30, 2008 through June 30, 2009. In addition, undisbursed loan commitments related to these portfolios decreased $131.9 million, or 73.6%, for the same period.

Our special assets group continues to focus on reducing nonperforming assets. We follow an aggressive approach to recognize problem loans and continue to charge-off confirmed losses against specific reserves in the allowance for loan losses. For the six months ended June 30, 2009, net charge-offs totaled $149.8 million.

We are currently taking steps to strengthen our capital position. At June 30, 2009, our total risk-based capital and Tier 1 leverage capital ratios were 9.42% and 6.74%, respectively, and continue to be above the established minimum regulatory capital levels. Frontier Bank s Tier 1 leverage capital ratio, however, is less than the 10% required by the terms of the FDIC Order. See Regulatory Actions .

We continue to closely monitor and manage our liquidity position, understanding that this is of critical importance in the current economic environment. Attracting and retaining customer deposits remains our primary source of liquidity. Noninterest bearing deposits increased $9.4 million, or 2.4%, from December 31, 2008 to June 30, 2009.

In an effort to increase on-balance sheet liquidity, we have been focused on restructuring our balance sheet, and in particular, reducing the loan portfolio. For the first six months of 2009, total loans decreased $362.5 million, compared to December 31, 2008. Additionally, we have increased our federal funds sold balances to $289.9 million at June 30, 2009, an increase of $172.1 million over year end 2008.

Expense Reduction Measures

As part of our ongoing strategy to reduce noninterest expense, the Frontier Board voted to suspend the Corporation s matching of employee 401(K) Plan contributions, effective May 1, 2009. This cost saving measure is expected to reduce noninterest expense by approximately $1.7 million annually. This is in addition to other previously announced expense reduction measures; including reductions to executive compensation, salary freezes and the elimination of performance bonuses and discretionary profit sharing contributions to the 401(K) Plan.

On June 11, 2009, we announced a workforce reduction of approximately six percent of the workforce, effective immediately. The action was taken as the result of an ongoing review of Frontier Bank operations to identify ways to operate more efficiently and continue to adjust Frontier s cost structure to reflect current economic conditions. The reductions occurred at all levels and in all parts of Frontier. The departing employees received severance pay based on their years of service. This reduction resulted in a $360 thousand pre-tax charge in the second quarter of 2009 and is expected to provide an annual pre-tax cost savings of approximately $2.5 million.

Subsequent to June 30, 2009, the decision was made to close our downtown Poulsbo branch as a result of our continuing efforts to reduce noninterest expense. We currently have another Poulsbo branch that is within 0.8 miles of the branch being closed, and therefore, we do not expect our customers to be adversely affected by the closure. This branch closure was approved by the FDIC and had no material effect on our consolidated financial statements for the period ended June 30, 2009.

Regulatory Actions

FDIC Order: On March 20, 2009, Frontier Bank entered into a Stipulation and Consent to the Issuance of an Order to Cease and Desist with the FDIC, and the Washington DFI, resulting from a June 30, 2008 examination.

The regulators alleged that Frontier Bank had engaged in unsafe or unsound banking practices by operating with inadequate management and board supervision; engaging in unsatisfactory lending and collection practices; operating with inadequate capital in relation to the kind and quality of assets held at Frontier Bank; operating with an inadequate loan valuation reserve; operating with a large volume of poor quality loans; operating in such a manner as to produce low earnings and operating with inadequate provisions for liquidity. By consenting to the FDIC Order, Frontier Bank neither admitted nor denied the alleged charges.

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Under the terms of the FDIC Order, Frontier Bank cannot declare dividends or pay any management, consulting or other fees or funds to Frontier, without the prior written approval of the FDIC and the Washington DFI. Other material provisions of the FDIC Order require Frontier Bank to: (1) review the qualifications of Frontier Bank s management, (2) provide the FDIC with 30 days written notice prior to adding any individual to the Frontier Bank Board or employing any individual as a senior executive officer, (3) increase director participation and supervision of Frontier Bank affairs, (4) improve Frontier Bank s lending and collection policies and procedures, particularly with respect to the origination and monitoring of real estate construction and land development loans, (5) develop a capital plan and increase Tier 1 leverage capital to 10% of Frontier Bank s total assets by July 29, 2009, and maintain that capital level, in addition to maintaining a fully funded allowance for loan losses satisfactory to the regulators, (6) implement a comprehensive policy for determining the adequacy of the allowance for loan losses and limiting concentrations in commercial real estate and acquisition, development and construction loans, (7) formulate a written plan to reduce Frontier Bank s risk exposure to adversely classified loans and nonperforming assets, (8) refrain from extending additional credit with respect to loans charged-off or classified as loss and uncollected, (9) refrain from extending additional credit with respect to other adversely classified loans without collecting all past due interest, without the prior approval of a majority of the directors on the Frontier Bank Board or its loan committee, (10) develop a plan to control overhead and other expenses to restore profitability, (11) implement a liquidity and funds management policy to reduce Frontier Bank s reliance on brokered deposits and other non-core funding sources, and (12) prepare and submit progress reports to the FDIC and the Washington DFI. The FDIC Order will remain in effect until modified or terminated by the FDIC and the Washington DFI.

The FDIC Order does not restrict Frontier Bank from transacting its normal banking business. Frontier Bank will continue to serve its customers in all areas including making loans, establishing lines of credit, accepting deposits and processing banking transactions. Customer deposits remain fully insured to the highest limits set by FDIC. The FDIC and Washington DFI did not impose any monetary penalties in connection with the FDIC Order.

Frontier s management has been actively engaged in responding to the concerns raised in the FDIC Order, and believes it has addressed all the regulators requirements, with the exception of increasing Tier 1 capital. With the consummation of the merger, Frontier believes it can increase its Tier 1 capital to compliance levels.

FRB Written Agreement: In addition, on July 2, 2009, Frontier entered into a written agreement with the FRB. Under the terms of the FRB Written Agreement, Frontier has agreed to: (i) refrain from declaring or paying any dividends without prior written consent of the FRB; (ii) refrain from taking dividends or any other form of payment that represents a reduction in capital from Frontier Bank without prior written consent of the FRB; (iii) refrain from making any distributions of interest or principal on subordinated debentures or trust preferred securities without prior written consent of the FRB; (iv) refrain from incurring, increasing or guaranteeing any debt without prior written consent of the FRB; (v) refrain from purchasing or redeeming any shares of its stock without prior written consent of the FRB; (vi) implement a capital plan and maintain sufficient capital; (vii) comply with notice and approval requirements established by the FRB relating to the appointment of directors and senior executive officers as well as any change in the responsibility of any current senior executive officer; (viii) not pay or agree to pay any indemnification and severance payments except under certain circumstances, and with the prior approval of the FRB; and (ix) provide quarterly progress reports to the FRB.

Compliance Memorandum of Understanding. Frontier Bank and the Frontier Bank Board also entered into the Memorandum of Understanding with the FDIC dated August 20, 2008 relating to the correction of certain violations of applicable consumer protection and fair lending laws and regulations, principally including the failure to provide certain notices to consumers pursuant to the Flood Disaster Protection Act of 1973, and certain violations of the Truth in Lending Act and Regulation Z.

The Memorandum of Understanding requires Frontier Bank and the Frontier Bank Board to (i) correct all violations found and implement procedures to prevent their recurrence; (ii) increase oversight of the Frontier Bank Board s compliance function, including monthly reports from Frontier Bank s compliance officer to the Frontier Bank Board detailing actions taken to comply with the Memorandum of Understanding; (iii) review its compliance policies and procedures and develop and implement detailed operating procedures and controls, where necessary, to ensure compliance with all consumer protection laws and regulations; (iv) establish monitoring procedures to ensure compliance with all consumer protection laws and regulations (including flood insurance), including the documentation and reporting of all exceptions to the Frontier Bank Board and its audit committee; (v) review, expand and improve the quality of such compliance with the frequency of compliance audits to be reviewed and approved annually by the Frontier Bank Board or audit committee, with a goal of auditing compliance at least

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annually; (vi) ensure that Frontier Bank s compliance management function has adequate staff, resources, training and authority for the size and structure of Frontier Bank; (vii) establish flood insurance monitoring procedures to ensure loans are not closed without flood insurance and prior notices to customers required by law, that lapses of flood insurance do not occur, and to develop methods to ensure that adequate amounts of flood insurance are provided, with Frontier Bank agreeing to force place flood insurance when necessary; (viii) provide additional training for all Frontier Bank personnel, including the Frontier Bank Board and audit and compliance staff for applicable laws and regulations; and (ix) furnish quarterly progress reports to the Regional Director of the FDIC detailing the actions taken to secure compliance with the Memorandum of Understanding until the Regional Director has released the institution, in writing, from submitting further reports. Frontier Bank was assessed civil monetary penalties of $48,895 for flood insurance violations and required to pay $10,974 in restitution to customers for certain violations of the Truth in Lending Act and Regulation Z.

These regulatory actions may adversely affect our ability to obtain regulatory approval for future initiatives requiring regulatory action, such as acquisitions. The regulatory actions will remain in effect until modified or terminated by the regulators.

Compliance Efforts: Frontier is actively engaged in responding to the concerns raised by the regulators, and has acted promptly on directions it has received from the regulators and has taken the following actions:

Engaged Patrick M. Fahey as chairman of the board and chief executive officer of Frontier, and Michael J. Clementz as president, on December 4, 2009;

Retained an independent consultant to review and evaluate the loan portfolio in the Fall of 2008, and again in July, 2009;

Organized a special assets group staffed by 37 managers and employees, to accelerate the collection and resolution of delinquent and adversely classified loans;

Developed capital management, liquidity and funds management plans;

Increased board and senior management oversight of Frontier Bank, its lending and operations, including monthly board meetings;

Established a communications procedure for reporting progress in all areas to the FDIC, Washington DFI and FRB.

Allowance for Loan Losses Subsequent Events

Subsequent to June 30, 2009, Frontier experienced continued and significant deterioration in its loan portfolio. Based on Frontier s evaluations of collectability of loans and continued loan losses due to the current adverse economic environment, Frontier expects to record an additional provision for loan losses of $140.0 million and loan charge offs of $100.0 million during the quarter ending September 30, 2009. Reductions in appraised values of collateral for Frontier s nonperforming loans, downgrades in its performing loans, increased loss factors based on economic conditions, as well as consideration of its most recent regulatory examination result in this provision and these charge-offs. Frontier s evaluations take into account such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions that may affect borrowers ability to pay.

The estimated allowance for loan losses, provision for loan losses and loan charge-offs for the third quarter 2009 are as follows:

(In thousands)	
Beginning balance June 30, 2009	$ 98,583
Expected provision	140,000
Expected charge-offs	100,000
Expected ending balance September 30, 2009	$ 138,583

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The expected third quarter provision is in addition to the $58.0 million provision recognized in the quarter ended March 31, 2009 and the $77.0 million provision recognized in the quarter ended June 30, 2009. Frontier expects the provision for the nine months ending September 30, 2009 to be $275.0 million.

Frontier expects that its Tier 1 leverage capital ratio will drop below 4.0% as of September 30, 2009, and that Frontier and the Bank would be considered undercapitalized, or significantly undercapitalized if its Tier 1 capital ratio drops below 3.0%, under federal regulatory capital guidelines for banks, which could result in further regulatory actions or restrictions being taken against the Bank, including the potential closure of the Bank.

Review of Financial Condition June 30, 2009 and December 31, 2008

Federal Funds Sold

At June 30, 2009, federal funds sold totaled $289.9 million, compared to $117.7 million at December 31, 2008, an increase of $172.1 million, or 146.2%. Federal funds sold fluctuate on a daily basis depending on our net cash position for the day. In addition, increased federal fund sold balances improves on-balance sheet liquidity, which is an ongoing focus of management.

Securities

The following table represents the available for sale and held to maturity securities portfolios by type at June 30, 2009 and December 31, 2008 (in thousands):

	Securities Available for Sale			
	June 30, 2009		December 31, 2008	
	Fair Value	% of Total	Fair Value	% of Total
Equities	$ 2,175	2.7%	$ 1,930	2.1%
U.S. Treasuries	6,339	7.9%	6,457	7.1%
U.S. Agencies	31,864	39.7%	52,055	57.5%
Corporate securities	2,162	2.7%	4,439	4.9%
Mortgage-backed securities	34,846	43.4%	22,791	25.2%
Municipal securities	2,932	3.6%	2,934	3.2%
Total	$ 80,318	100.0%	$ 90,606	100.0%

	Securities Held to Maturity			
	June 30, 2009		December 31, 2008	
	Amortized Cost	% of Total	Amortized Cost	% of Total
Corporate securities	$ 1,524	49.5%	$ 1,524	49.4%
Municipal securities	1,557	50.5%	1,561	50.6%
Total	$ 3,081	100.0%	$ 3,085	100.0%

At June 30, 2009, available for sale securities totaled $80.3 million, compared to $90.6 million at December 31, 2008, a decrease of $10.3 million, or 11.4%. This decrease is primarily attributable to calls and maturities totaling $45.9 million, principal pay-downs on mortgage-backed securities of $3.2 million and sales of corporate securities totaling $1.4 million; partially offset by the purchase of $41.2 million of securities, principally U.S. Agencies and mortgage-backed securities.

SFAS, *Fair Value Measurements*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of observable

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inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A majority of the market evaluation sources include observable inputs rather than significant unobservable inputs and therefore fall into the Level 2 category. Evaluations are based on market data utilizing pricing models that vary based by asset class and include available trade, bid, and other market information. Generally, methodology includes broker quotes, proprietary modes, vast descriptive terms and conditions databases, as well as extensive quality control programs.

Frontier uses an outside vendor to price its securities, Interactive Data Corporation (IDC). IDC provides independent evaluations and is recognized industry-wide as one of the most reliable valuation services. IDC s evaluations are based on market data. IDC utilizes evaluated pricing models that vary based on asset class and include available trade, bid and other market information. Methodology includes broker quotes, proprietary modes, vast descriptive terms and conditions databases, as well as extensive quality control programs. IDC uses a pricing model only on our municipal securities totaling $2.9 million which are subject to IDC s quality control program.

All pricing information and quotes obtained from IDC on our securities are reviewed for reasonableness by Frontier and used directly for the preparation of our financial statement. We have not had to adjust prices provided by IDC since the majority of our securities prices are based on market data.

Frontier s internal audit department audits these pricing procedures annually to ensure that they are consistent with SFAS 157 and to ensure proper classification.

Loans

The following table represents the loan portfolio by type, excluding loans held for resale and net of unearned income, at June 30, 2009 and December 31, 2008 (in thousands):

	June 30, 2009		December 31, 2008	
	Amount	% of Total	Amount	% of Total
Commercial and industrial	$ 425,221	12.5%	$ 457,215	12.1%
Real estate loans:				
Commercial	1,017,204	29.8%	1,044,833	27.7%
Construction	713,571	20.9%	949,909	25.2%
Land development	476,562	14.0%	580,453	15.4%
Completed lots	272,824	8.0%	249,685	6.6%

Residential 1-4 family	433,884	12.7%	424,492	11.3%
Installment and other	71,682	2.1%	65,468	1.7%
Total	$ 3,410,948	100.0%	$ 3,772,055	100.0%

Total loans, excluding loans held for resale, decreased $361.1 million, or 9.6%, to a balance of $3.41 billion at June 30, 2009, from $3.77 billion at December 31, 2008. With few exceptions, we have suspended the origination of new real estate construction, land development and completed lot loans. For the six months ended June 30, 2009, new loan origination totaled $77.7 million. This compares to new loan originations of $583.7 million for the six months ended June 30, 2008, a decrease of $506.0 million, or 86.7%. In addition, for the six months ended June 30, 2009, undisbursed loan commitments decreased $203.5 million, or 42.0%, from December 31, 2008.

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For the same period, completed lot loans increased $23.1 million, or 9.3%. In certain circumstances in which real estate construction loans are no longer performing and construction has not commenced, they are reclassified as real estate completed lot loans.

No new completed lot loans were originated from December 31, 2008 to June 30, 2009. Frontier Bank reclassified $16.1 million of residential construction loans to residential completed lot loans as of June 30, 2009. Reclassification of a residential construction loan to a residential lot loan eliminates any remaining unadvanced funds originally intended for construction. The background loan loss reserve is adjusted on subject loans to the new loan type and grade, and if placed into nonperforming status a specific reserve is assigned. There were no changes in the related loan agreements resulting in credits that would be subject to SFAS 15 disclosures. At December 31, 2008, $7.0 million of residential construction loans converted to residential lot loans that were nonperforming. At March 31, 2009 $11.0 million of residential lot loans converted to lot loans that were nonperforming. At June 30, 2009, $11.5 million of residential construction loans converted to residential lot loans that were nonperforming.

Allowance for Loan Losses

The allowance for loan losses is the amount which, in the opinion of management, is necessary to absorb probable loan losses. Management s determination of the level of the provision for loan losses is based on various judgments and assumptions, including general economic conditions, loan portfolio composition, prior loan loss experience, the evaluation of credit risk related to specific credits and market segments and monitoring results from our ongoing internal credit review staff. Management also reviews the growth and terms of loans so that the allowance can be adjusted for probable losses. The allowance methodology takes into account that the loan loss reserve will change at different points in time based on economic conditions, credit performance, loan mix and collateral values.

Management and the Frontier Board review policies and procedures at least annually, and changes are made to reflect the current operating environment integrated with regulatory requirements. Frontier s internal credit risk review process has evolved partly out of these policies. During this process, the quality grades of loans are reviewed and loans are assigned a dollar value of the loan loss reserve by degree of risk. This analysis is performed quarterly and reviewed by management who makes the determination if the risk is reasonable, and if the reserve is adequate. This quarterly analysis is then reviewed by the Frontier Board.

The allowance for loan losses, loan charge-offs and loan recoveries are summarized as follows (in thousands):

	Six Months Ended June 30, 2009	Twelve Months Ended December 31, 2008
Beginning balance	$ 114,638	$ 57,658
Provision for loan losses	135,000	120,000
Charge-offs:		
Commercial and industrial	(18,891)	(3,101)
Real estate:		
Commercial	(1,176)	(1,264)
Construction	(62,036)	(31,968)
Land development	(38,015)	(12,165)
Completed lots	(19,286)	(13,839)

Residential 1-4 family	(10,771)	(846)
Installment and other	(1,089)	(343)
Total charge-offs	(151,264)	(63,526)

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	Six Months Ended June 30, 2009	Twelve Months Ended December 31, 2008
Recoveries:		
Commercial and industrial	496	308
Real estate:		
Commercial		
Construction	863	161
Land development	57	
Completed lots	66	9
Residential 1-4 family	27	
Installment and other	4	28
Total recoveries	1,513	506
Net charge-offs	(149,751)	(63,020)
Balance before portion identified for undisbursed loans	99,887	114,638
Portion of reserve identified for undisbursed loans and reclassified as a liability	(1,304)	(2,082)
Balance at end of period	$ 98,583	$ 112,556
Average loans for the period	$ 3,673,793	$ 3,774,501
Ratio of net charge-offs to average loans outstanding during the period	4.08%	1.67%

The allocation of the allowance for loan losses at June 30, 2009 and December 31, 2008 are as follows (in thousands):

	June 30, 2009	December 31, 2008
Commercial and industrial	$ 14,771	$ 15,127
Real Estate:		
Commercial	14,093	11,388
Construction	29,495	27,636
Land development	14,626	22,701
Completed lots	5,424	9,054
Residential 1-4 family	13,637	14,056
Installment and other	1,278	1,071
Unallocated	5,259	11,523
Total	$ 98,583	$ 112,556

The allowance for loan losses totaled $98.6 million, or 2.89%, of total loans outstanding at June 30, 2009, compared to $112.6 million, or 2.98%, of total loans outstanding at December 31, 2008. Including the allocation for undisbursed loans of $1.3 million, would result in a total allowance of $99.9 million, or 2.92%, of total loans outstanding at June 30, 2009. This compares to the undisbursed allocation of $2.1 million, for a total allowance of $114.6 million, or 3.03%, of total loans outstanding at December 31, 2008.

Frontier s allowance for loan loss as a percentage of total loans is impacted by nonperforming loans in that a significant portion of Frontier s nonperforming loans are collateral dependent. Nonperforming loans result in the assignment of a specific reserve that adjusts the net book value of the loan s principal balance to reflect the estimated fair value of supporting collateral or result in no assignment of a specific reserve if the loans collateral value is in excess of its book value. Frontier s customary practice is to charge-off the amount of impairment representing the excess of the loan s net book value over the estimated fair value within the quarter a loan is

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identified as nonperforming and a confirmed loss (partial charge-off). For nonperforming loans not immediately charged-off as a result of the determination of a confirmed loss, a specific reserve representing the amount of estimated impairment is applied. Impaired loans are assessed for valuation on a recurring basis. Once a partial charge-off is taken no additional reserve is required unless as a result of Frontiers recurring impairment analysis, new information becomes available that would necessitate further adjustment to the allowance for loan losses and subsequent write downs. As a result, many of the nonperforming loans are collateral-based loans measured at fair value and the balance in excess of collateral value is charged-off during the same quarter, thus resulting in a lower coverage ratio.

The following table includes information pertaining to Frontier s allowance for loan loss and nonperforming loans.

(In thousands)	**6/30/2008**	**9/30/2008**	**12/31/2008**	**3/31/2009**	**6/30/2009**
Total Loans	$ 3,807,278	$ 3,832,052	$ 3,778,733	$ 3,659,510	$ 3,416,219
SFAS No. 5 portion of Allowance for Loan Losses	$ 73,481	$ 97,732	$ 99,671	$ 96,780	$ 79,575
SFAS 114 portion of Allowance For Loan Losses	5,241	8,903	12,885	14,704	19,008
Allowance For Loan Losses (ALLL)	$ 78,722	$ 106,635	$ 112,556	$ 111,484	$ 98,583
Nonperforming Loans with Specific Reserves included in ALLL	$ 53,227	$ 85,878	$ 96,238	$ 101,764	$ 97,806
Nonperforming Loans Balances Recorded at Collateral Value	66,709	119,319	338,987	554,609	666,752
Total Nonperforming Loans	$ 119,936	$ 205,197	$ 435,225	$ 656,373	$ 764,558
Total Charge-offs to date on Nonperforming loans	$ 7,589	$ 20,000	$ 48,168	$ 101,550	$ 141,757
Nonperforming Loans Recorded at Collateral Value to Total Loans	1.75%	3.11%	8.97%	15.16%	19.52%
Nonperforming Loans recorded at Collateral Value to Total Nonperforming Loans	55.62%	58.15%	77.89%	84.50%	87.21%
Coverage Ratio (allowance for loan losses divided by Nonperforming Loans)	65.64%	51.97%	25.86%	16.98%	12.89%
Coverage Ratio when considering affects of Charge-offs	67.68%	56.23%	33.25%	28.11%	26.52%
Coverage Ratio net of Nonperforming Loans carried at fair value	147.90%	124.17%	116.96%	109.55%	100.79%
	$ 3,740,569	$ 3,712,733	$ 3,439,746	$ 3,104,901	$ 2,749,467

Total Loans less NPL s carried at Collateral Value					
Total ALLL/ Total Loans	2.07%	2.78%	2.98%	3.05%	2.89%
Total ALLL/ Total Loans less NPL s carried at Collateral Value	2.10%	2.87%	3.27%	3.59%	3.59%
Specific Reserve/Balance of Loans with Specific Reserve	9.85%	10.37%	13.39%	14.45%	19.43%

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Nonperforming Assets

Nonaccruing loans, restructured loans and OREO are as follows (in thousands):

	June 30, 2009	December 31, 2008
Commercial and industrial	$ 27,092	$ 12,908
Real estate:		
Commercial	73,130	10,937
Construction	267,102	181,905
Land development	267,907	177,139
Completed lots	88,072	34,005
Residential 1-4 family	40,433	17,686
Installment and other	822	645
Total nonaccruing loans	764,558	435,225
Other real estate owned	54,222	10,803
Total nonperforming assets	$ 818,780	$ 446,028
Restructured loans	$	$
Total loans at end of period(1)	$ 3,416,219	$ 3,778,733
Total assets at end of period	$ 3,987,403	$ 4,104,445
Total nonaccruing loans to total loans	22.38%	11.52%
Total nonperforming assets to total assets	20.53%	10.87%

(1) Includes loans held for resale.

The decision to begin a foreclosure action generally occurs after all other reasonable collection efforts have been found ineffective. Loans in foreclosure are always categorized as nonperforming assets and as such have been assigned a specific loan loss reserve based on the most current property valuations available, discounted to address foreclosure expense, holding time and sales costs. Assuming no other legal actions the statutory processing period for a so-called nonjudicial foreclosure in the state of Washington is a minimum of 120 days or 190 days after the date of default. The first step is a notice of default that is mailed to the borrower and posted at the property or delivered the notice to the borrower in person. The borrower is given 30 days to respond to the notice of default. If the borrower does not stop the foreclosure within 30 days after receiving the notice of default, Frontier records a notice of sale with the appropriate county recorder. The notice of sale is recorded at least 90 days before the sale date and is mailed to the borrower and any other lien holders. The notice of sale is also published twice in a local newspaper. A notice of foreclosure is also required to be sent to the borrower and/or guarantors if Frontier Bank wants to retain the right to a deficiency. Frontier is required to publish the notice of sale once between the 32nd and 28th days prior to the sale, and once between the 11th and 7th days before the sale. Foreclosure sales are by public auction with the property going to the highest bidder.

Frontier Bank will bid up to the amount of its loan balance. If Frontier Bank does not have a buyer for the collateral by the sale date, and there is no other or higher bidder, then Frontier Bank acquires ownership of the property for the

amount of its credit bid, and the property becomes an OREO property of Frontier. The obligations of the guarantors (but not the borrower) of a commercial loan for any deficiency (the amount by which the loan balance exceeds the foreclosure sale price), generally survives the sale and Frontier Bank may bring a lawsuit against the guarantors to collect the deficiency if Frontier Bank determines a judgment against the guarantors may be collectible and cost-effective.

A judicial foreclosure action may also be brought to collect a real estate loan in the state of Washington, and is used by Frontier Bank in certain cases, but nonjudicial foreclosure is usually the preferred remedy because it is normally faster and less expensive than litigation, which can take from 6 months for summary judgment, to 2 years for trial.

Foreclosure proceedings in the state of Oregon are similar to Washington s in most material respects.

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In addition, where appropriate, instead of foreclosure, Frontier Bank may negotiate a settlement agreement with the borrower, with a deed in lieu of foreclosure conveying the property to the Bank, to enable the Bank to acquire possession of the property faster than pursuing the normal foreclosure process.

The transition of loans from performing to nonperforming status will generally result in the assignment of a specific reserve that adjusts the net book value of the loan s principal balance to reflect the estimated fair value of supporting collateral or result in no assignment of a specific reserve if the loans collateral value is in excess of its book value. Subsequent write-downs, requiring additional loan loss provisioning, could occur as a loan moves through the foreclosure process into OREO based on recurring impairment analysis up to and until a property becomes a OREO.

The following example illustrates Frontier Bank s collection and foreclosure process for a typical nonperforming real estate loan, a $1,000,000 construction loan dated July 1, 2007, maturing in 18 months on December 31, 2008.

Depending on the risk rating determined by management, an amount equal to 2.5% to 15% of the loan, or from $25,000 to $150,000, is in effect reserved for the loan as of September 30, 2007, the end of the quarter, as part of Frontier Bank s general allowance for loan losses (ALLL) for the construction loan category. Loans are reviewed and, if appropriate, regraded quarterly and the risk category and reserve may go up or down over the life of the loan.

Payment or other loan default occurs June 30, 2008.

Frontier Bank contacts borrower/guarantors about the default, to determine the reason for the default and to try to collect the payments from borrower/guarantors and/or cure any other default on July 30, 2008 (typically within 30 days after the default).

The default is not cured, so the loan is reclassified by Frontier Bank as nonperforming on September 30, 2008, after the loan is in default for 90 days, and an impairment analysis is performed (based on market value, updated appraisal, and other relevant factors) and, if appropriate, a specific reserve for the nonperforming loan is assigned by Frontier Bank, which is this case results in an additional reserve or charge-off of $50,000.

A formal 30-day notice of default/foreclosure is sent by Frontier Bank or its counsel to the borrower/guarantors, and either posted on the property or served, on September 30, 2008 (typically within 2 - 4 months after default).

Assuming Frontier Bank determines that a settlement and deed in lieu agreement is not appropriate or cannot be negotiated on terms acceptable to Frontier Bank, then Frontier Bank s counsel either:

- sends a 90-day statutory notice of sale to the borrower/guarantors, which is also either posted on the property or served, if Frontier Bank elects to pursue its nonjudicial foreclosure remedy, or

- files a complaint for collection and foreclosure of the loan with the state court for the county where the property is located, and serves a summons and complaint on the borrower/guarantors.

Additional write-downs, requiring additional loan loss provisions, may occur as the loan moves through the foreclosure process into OREO based on subsequent impairment analysis (quarterly or upon occurrence of a material event such as borrower s bankruptcy filing).

Assuming no delays as a result of other legal actions, counterclaims or other defenses asserted by borrower/guarantors, if nonjudicial foreclosure, Frontier Bank acquires the property at the trustee s sale by

bidding an amount up to the loan balance, and the property is recorded as OREO on Frontier Bank s books, at the amount of the loan balance (the amount bid by Frontier Bank in this example), plus attorney fees and other foreclosure costs.

Insurance, maintenance and other holding costs of the property are expensed by Frontier Bank.

Frontier Bank lists and markets the property for sale and arranges for property management. If appropriate, Frontier Bank may continue to pursue the borrower (if a nonjudicial foreclosure) and/or guarantors for any

deficiency (the difference between the bid amount and the loan balance, including all related fees and expenses of collection and foreclosure), subject to applicable single action, fair value and other state laws limiting deficiencies.

The difference between the loan balance and the amount collected by Frontier Bank (by foreclosure, and if applicable, from a deficiency judgment) is charged off by Frontier Bank.

Any gain or loss on the eventual sale of the OREO property to a third party is recognized and recorded by Frontier Bank at the time of sale.

Impaired Loans

A loan is considered impaired when management determines it is probable that all contractual amounts of principal and interest will not be paid as scheduled in the loan agreement. These loans include all nonaccrual loans, restructured loans and other loans that management considers to be at risk.

This assessment for impairment occurs when and while such loans are on nonaccrual or the loan has been restructured. When a loan with unique risk characteristics has been identified as being impaired, the amount of impairment will be measured by Frontier Bank. If the current value of the impaired loan is less than the recorded investment in the loan, impairment is recognized by creating or adjusting an existing allocation of the allowance for loan losses.

Nonaccrual Loans

It is Frontier Bank s practice to discontinue accruing interest on virtually all loans that are delinquent in excess of 90 days regardless of risk of loss, collateral, etc. Some problem loans, which are less than 90 days delinquent, are also placed into nonaccrual status if the success of collecting full principal and interest in a timely manner is in doubt. Some loans will remain in nonaccrual even after improved performance until a consistent timely repayment pattern is exhibited and/or timely performance is considered reliable.

At June 30, 2009, nonaccruing loans totaled $764.6 million, compared to $435.2 million at December 31, 2008. The increase in nonaccruing loans for the period is primarily attributable to the continued downturn in the local housing market and economy, which significantly impacted our real estate construction, land development and completed lot portfolios. Of the total nonaccrual loans at June 30, 2009, 81.5% relate to our real estate construction, land development and completed lot portfolios.

At June 30, 2009 and December 31, 2008, nonaccruing loans totaling $97.8 million and $96.2 million had related specific reserves in the allowance for loan losses of $19.0 million and $12.9 million, respectively. Nonaccruing loans without related specific reserves in the allowance for loan losses at June 30, 2009 and December 31, 2008, totaled $666.8 million and $339.0 million, respectively.

Restructured Loans

In cases where a borrower experiences financial difficulties and we make certain concessionary modifications to the contractual terms, the loan is classified as a restructured (accruing) loan. Loans restructured at a rate equal to or greater than that of a new loan with comparable risk at the time of the contract is modified may be excluded from the impairment assessment and may cease to be considered impaired.

Interest income on restructured loans is recognized pursuant to the terms of the new loan agreement. Interest income on impaired loans is monitored and based upon the terms of the underlying loan agreement. However, the recorded net

investment in impaired loans, including accrued interest, is limited to the present value of the expected cash flows of the impaired loan or the observable fair market value of the loan or the fair market value of the loan s collateral. There were no restructured loans at June 30, 2009 or December 31, 2008.

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Other Real Estate Owned

OREO is carried at the lesser of book value or market value, less selling costs. The costs related to completion, repair, maintenance, or other costs of such properties, are generally expensed with any gains or shortfalls from the ultimate sale of OREO being shown as other income or other expense.

The following table presents the activity related to OREO (in thousands):

	June 30, 2009		December 31, 2008	
	Amount	Number	Amount	Number
Beginning balance	$ 10,803	64	$ 367	1
Additions to OREO	58,030	118	12,992	76
Capitalized improvements	176		623	
Valuation adjustments	(3,799)		(68)	
Disposition of OREO	(10,988)	(67)	(3,111)	(13)
Ending balance	$ 54,222	115	$ 10,803	64

At June 30, 2009, OREO totaled $54.2 million and consisted of 115 properties in Washington and Oregon, with balances ranging from $39 thousand to $12.8 million.

Certain other loans, currently in nonaccrual, are in the process of foreclosure and potentially could become OREO. Efforts, however, are constantly underway to reduce and minimize such nonperforming assets. During 2008, we expanded our special assets group to focus on reducing nonperforming assets.

Other Assets

Other assets totaled $104.5 million at June 30, 2009, compared to $67.5 million at December 31, 2008. The increase of $37.0 million, or 54.8%, is primarily attributable to the increase in income tax related to the 2008 net operating loss carryback, partially offset by the decrease in the deferred tax asset.

Deposits

The following table represents the major classifications of interest bearing deposits at June 30, 2009 and December 31, 2008 (in thousands):

	June 30, 2009		December 31, 2008	
	Amount	% of Total	Amount	% of Total
Money market, sweep and NOW accounts	$ 409,606	14.4%	$ 325,554	11.3%
Savings	285,725	10.0%	365,114	12.7%
Time deposits	2,148,970	75.6%	2,189,046	76.0%
Total	$ 2,844,301	100.0%	$ 2,879,714	100.0%

The following table represents maturities of time deposits of $100,000 and over at June 30, 2009 (in thousands):

	June 30, 2009
3 months or less	$ 246,002
Over 3 months through 6 months	211,135
Over 6 months through 12 months	230,075
Over 12 months	87,059
Total	$ 774,271

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Review of Financial Condition June 30, 2009 and June 30, 2008

Below are abbreviated balance sheets at June 30, 2009 and 2008, which indicate changes that have occurred over the past year (in thousands):

	June 30, 2009	June 30, 2008	$ Change	% Change
ASSETS				
Federal funds sold	$ 289,871	$ 18,265	$ 271,606	NM
Securities	83,399	112,536	(29,137)	(25.9)%
Loans (net of unearned fee income):				
Commercial and industrial	425,221	448,360	(23,139)	(5.2)%
Real Estate:				
Commercial	1,017,204	1,048,321	(31,117)	(3.0)%
Construction	713,571	1,048,552	(334,981)	(31.9)%
Land development	476,562	598,931	(122,369)	(20.4)%
Completed lots	272,824	236,004	36,820	15.6%
Residential 1-4 family	439,155	357,650	81,505	22.8%
Installment and other loans	71,682	69,460	2,222	3.2%
Total loans	3,416,219	3,807,278	(391,059)	(10.3)%
FHLB stock	19,885	21,698	(1,813)	(8.4)%
Total earning assets	3,809,374	3,959,777	(150,403)	(3.8)%
Total assets	$ 3,987,403	$ 4,156,721	$ (169,318)	(4.1)%
LIABILITIES				
Noninterest bearing deposits	$ 404,832	$ 389,275	$ 15,557	4.0%
Interest bearing deposits:				
Money market, sweep and NOW	409,606	600,023	(190,417)	(31.7)%
Savings accounts	285,725	367,731	(82,006)	(22.3)%
Time certificates	2,148,970	1,939,297	209,673	10.8%
Total interest bearing deposits	2,844,301	2,907,051	(62,750)	(2.2)%
Total deposits	3,249,133	3,296,326	(47,193)	(1.4)%
Federal funds purchased and securities sold under repurchase agreements	17,564	38,005	(20,441)	(53.8)%
FHLB advances	421,130	330,249	90,881	27.5%
Junior subordinated debt	5,156	5,156		0.0%
Total interest bearing liabilities	3,288,151	3,280,461	7,690	0.2%
Shareholders equity	$ 269,486	$ 462,212	$ (192,726)	(41.7)%

NM Not meaningful.

Federal Funds Sold

At June 30, 2009, federal funds sold totaled $289.9 million, compared to $18.3 million at June 30, 2008. Federal funds sold fluctuate on a daily basis depending on our net cash position for the day. In addition, increased federal fund sold balances improves on-balance sheet liquidity, which is an ongoing focus of management.

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Securities

The following table represents the available for sale and held to maturity securities portfolios by type at June 30, 2009 and 2008 (in thousands):

	Securities Available for Sale			
	June 30, 2009		June 30, 2008	
	Fair Value	% of Total	Fair Value	% of Total
Equities	$ 2,175	2.7%	$ 13,874	12.8%
U.S. Treasuries	6,339	7.9%	7,368	6.8%
U.S. Agencies	31,864	39.7%	74,320	68.3%
Corporate securities	2,162	2.7%	10,120	9.3%
Mortgage-backed securities	34,846	43.4%		0.0%
Municipal securities	2,932	3.6%	3,114	2.8%
Total	$ 80,318	100.0%	$ 108,796	100.0%

	Securities Held to Maturity			
	June 30, 2009		June 30, 2008	
	Amortized Cost	% of Total	Amortized Cost	% of Total
Corporate securities	$ 1,524	49.5%	$ 1,525	40.8%
Municipal securities	1,557	50.5%	2,215	59.2%
Total	$ 3,081	100.0%	$ 3,740	100.0%

Available for sale securities totaled $80.3 million at June 30, 2009, compared to $108.8 million at June 30, 2008, a decrease of $28.5 million, or 26.2%. This decrease is primarily attributable to U.S. Agency calls, maturities and sales totaling $293.3 million; equity and corporate sales of $13.5 million; partially offset by the purchase of $287.7 million of U.S. Agency and mortgage-backed securities. In addition, we recognized other than temporary impairment losses of $6.4 million related to Fannie Mae and Freddie Mac preferred stock and a Lehman Brothers bond and preferred stock during the third quarter of 2008.

Loans

At June 30, 2009, total loans, including loans held for resale, were down $391.1 million, or 10.3%, from a year ago. The largest decline came from our real estate construction portfolio, which decreased $335.0 million, or 31.9%, for the period. Management has been working diligently to reduce the concentration in real estate construction and land development loans, as defined by the FDIC, and has successfully reduced these portfolios by $913.0 million, or 37.1%, from June 30, 2008 to June 30, 2009, including undisbursed loan commitments.

In an effort to reduce our concentrations and diversify our loan portfolio, we are, for the most part, not currently originating any new real estate construction loans. For the six months ended June 30, 2009, total new loan originations were $77.7 million, compared to $583.7 million for the six months ended June 30, 2008, a decrease of $506.0 million, or 86.7%.

At June 30, 2009, the year-over-year increase in real estate completed lot loans is primarily attributable to the disbursement on existing projects. At June 30, 2009, total undisbursed commitments to lend totaled $281.0 million, down from $830.2 million a year ago. In addition, in certain circumstances in which real estate construction loans are no longer performing and will not be completed, they are reclassified as real estate completed lot loans.

The $81.5 million, or 22.8%, increase in real estate residential 1-4 family loans for the period is primarily attributable to the conversion of certain real estate construction properties into rentals. Due to the weakened economy and the adverse effect on home sales, some builders have converted speculative homes that they have been unable to sell into investment properties.

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The amount of construction loans that were converted to residential 1-4 family loans totaled $35.9 million during the six month period ending June 30, 2009. The conversion of these construction loans changed the payment structure to principal and interest and extended maturity dates. No terms offered were subject to SFAS 15 disclosures. Additionally, the conversion had no impact on the loan loss reserve as nonperforming loans are assigned a specific reserve. No conversions resulted in loans moving from nonperforming to a performing status.

At December 31, 2008, $1.8 million residential construction loans converted to residential 1-4 family loans were nonperforming, as of March 31, 2009 $463,235 of residential construction loans converted to 1-4 family loans were nonperforming, and as of June 30, 2009 $1.4 million of residential construction loans converted to 1-4 family loans were nonperforming.

Deposits

At June 30, 2009, noninterest bearing deposits totaled $404.8 million, compared to $389.3 million at June 30, 2008, an increase of $15.6 million, or 4.0%. The increase in noninterest bearing deposits can be attributed, in part, to the unlimited FDIC insurance on these accounts through December 31, 2009, due to our participation in the FDIC s Transaction Account Guarantee Program. In addition, we have been promoting deposit growth to increase on-balance sheet liquidity.

Total interest bearing deposits decreased $62.8 million, or 2.2%, to $2.84 billion at June 30, 2009, compared to $2.91 billion a year ago. At June 30, 2009, money market, sweep and NOW accounts made up 14.4% of total interest bearing deposits, compared to 20.6% at June 30, 2008, and time deposits made up 75.6%, compared to 66.7% a year ago. The shift in deposit mix over the last year, in part, can be attributed to our participation in the CDARS program, which commenced in the second quarter of 2008. In addition, our money market, sweep and NOW accounts are typically more sensitive to changes in the Federal Funds rate than time deposits. At June 30, 2009, the Federal Funds rate was 0.25%, down 175 basis points from 2.00% at June 30, 2008.

FHLB Advances

FHLB advances totaled $421.1 million at June 30, 2009, compared to $330.2 million at June 30, 2008, an increase of $90.9 million, or 27.5%. This increase in FHLB advances is primarily attributable to a new $100 million, 5 year, 3.04% fixed rate loan obtained in the fourth quarter of 2008.

Results of Operations

Net Interest Income

Net interest income is the difference between total interest income and total interest expense and is the largest source of our operating income. Several factors contribute to changes in net interest income, including: the effects of changes in average balances, changes in rates on earning assets and rates paid for interest bearing liabilities and the levels of noninterest bearing deposits, shareholders equity and nonaccrual loans.

The earnings from certain assets are exempt from federal income tax, and it is customary in the financial services industry to analyze changes in net interest income on a tax equivalent (TE) or fully taxable basis. TE is a non-GAAP performance measurement used by management in operating and analyzing the business, which management believes provides financial statement users with a more accurate picture of the net interest margin for comparative purposes. Under this method, nontaxable income from loans and investments is adjusted to an amount which would have been earned if such income were subject to federal income tax. The discussion below presents an analysis based on TE amounts using a 35% tax rate. (However, there are no tax equivalent additions to the interest expense or noninterest

income and expense amounts.)

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The following table illustrates the determination of tax equivalent amounts for the three and six months ended June 30, 2009 and 2008 (in thousands):

	Three Months Ended June 30, 2009	June 30, 2008	$ Change	% Change
Total interest income, as reported	$ 45,581	$ 72,342	$ (26,761)	(37.0)%
Effect of tax exempt loans and municipal bonds	333	374	(41)	(11.0)%
TE interest income	45,914	72,716	(26,802)	(36.9)%
Total interest expense	24,132	27,451	(3,319)	(12.1)%
TE net interest income	$ 21,782	$ 45,265	$ (23,483)	(51.9)%
Calculation of TE Net Interest Margin (three months annualized)				
TE interest income	$ 184,161	$ 290,864	$ (106,703)	(36.7)%
Total interest expense	96,793	109,804	(13,011)	(11.8)%
TE net interest income	87,368	181,060	(93,693)	(51.7)%
Average earning assets	$ 3,948,803	$ 3,910,481	$ 38,322	1.0%
TE Net Interest Margin	2.21%	4.63%		

	Six Months Ended June 30, 2009	June 30, 2008	$ Change	% Change
Total interest income, as reported	$ 96,072	$ 149,842	$ (53,770)	(35.9)%
Effect of tax exempt loans and municipal bonds	667	751	(84)	(11.2)%
TE interest income	96,739	150,593	(53,854)	(35.8)%
Total interest expense	50,869	57,553	(6,684)	(11.6)%
TE net interest income	$ 45,870	$ 93,040	$ (47,170)	(50.7)%
Calculation of TE Net Interest Margin (six months annualized)				

TE interest income	$ 193,478	$ 301,186	$ (107,708)	(35.8)%
Total interest expense	101,738	115,106	(13,368)	(11.6)%
TE net interest income	91,740	186,080	(94,340)	(50.7)%
Average earning assets	$ 4,055,043	$ 3,864,178	$ 190,865	4.9%
TE Net Interest Margin	2.26%	4.82%		

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The following tables represent condensed average balance sheet information, together with interest income and yields on average earning assets, interest expense and rates paid on average interest bearing liabilities and the changes in tax equivalent net interest income due to changes in average balances (volume) and changes in average rates (rate) for the three and six months ended June 30, 2009 and 2008 (in thousands):

	Three Months Ended June 30,					
	2009			2008		
	Average Balance	TE Interest Income/ Expense(3)	Average Rates Earned/ Paid(3)	Average Balance	TE Interest Income/ Expense(3)	Average Rates Earned/ Paid(3)
Interest Earning Assets						
Taxable investments	$ 102,738	$ 2,620	2.55%	$ 138,500	$ 5,284	3.82%
Nontaxable investments(1)	4,406	273	6.20%	5,250	332	6.32%
Total	107,144	2,893	2.70%	143,750	5,616	3.91%
Federal funds sold	239,315	605	1.57%	1,994	40	1.57%
Loans(1)(2)						
Installment	71,186	5,443	7.65%	67,936	6,012	8.85%
Commercial(1)	444,572	26,581	5.98%	437,414	32,664	7.47%
Real estate						
Commercial(1)	1,020,838	70,269	6.88%	1,024,190	80,524	7.86%
Construction	827,641	26,400	3.19%	1,080,338	77,208	7.15%
Land development	501,469	13,164	2.63%	578,954	45,496	7.86%
Completed lots	292,891	11,279	3.85%	241,750	17,404	7.20%
Residential 1-4 family	443,747	27,527	6.20%	334,155	25,900	7.75%
Total loans	3,602,344	180,663	5.02%	3,764,737	285,208	7.58%
Total earning assets/total interest income	3,948,803	184,161	4.66%	3,910,481	290,864	7.44%
Reserve for loan losses	(116,225)			(63,565)		
Cash and due from banks	43,367			50,205		
Other assets	185,929			190,417		
TOTAL ASSETS	$ 4,061,874			$ 4,087,538		
Interest Bearing Liabilities						
Money Market, Sweep & NOW accounts	$ 388,049	$ 2,723	0.70%	$ 645,409	$ 9,120	1.41%
Savings accounts	300,522	2,932	0.98%	345,192	7,444	2.16%
Other time deposits	2,178,557	75,158	3.45%	1,765,116	76,480	4.33%
Total interest bearing deposits	2,867,128	80,813	2.82%	2,755,717	93,044	3.38%
Short-term borrowings	18,784	12	0.06%	118,866	2,588	2.18%
FHLB borrowings	426,288	15,735	3.69%	332,297	13,888	4.18%

Subordinated debt	5,156	233	4.52%	5,156	284	5.51%
Total interest bearing liabilities/total interest expense	3,317,356	96,793	2.92%	3,212,036	109,804	3.42%
Noninterest bearing deposits	406,910			377,131		
Other liabilities	24,757			24,621		
Shareholders equity	312,851			473,750		
TOTAL LIABILITIES AND CAPITAL	$ 4,061,874			$ 4,087,538		
NET INTEREST INCOME		$ 87,368			$ 181,060	
NET YIELD ON INTEREST EARNING ASSETS			2.21%			4.63%

(1) Includes amounts to convert nontaxable amounts to a fully taxable equivalent basis at a 35% tax rate.

(2) Includes nonaccruing loans.

(3) Annualized.

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	Six Months Ended June 30,					
	2009			2008		
	Average Balance	TE Interest Income/ Expense(3)	Average Rates Earned/ Paid(3)	Average Balance	TE Interest Income/ Expense(3)	Average Rates Earned/ Paid(3)
Interest Earning Assets						
Taxable investments	$ 101,035	$ 2,996	2.97%	$ 145,726	$ 5,566	3.82%
Nontaxable investments(1)	4,410	272	6.16%	5,073	304	5.99%
Total	105,445	3,268	3.10%	150,799	5,870	3.89%
Federal funds sold	275,805	704	1.57%	6,946	206	1.57%
Loans(1)(2)						
Installment	69,004	4,994	7.24%	67,705	5,972	8.82%
Commercial(1)	445,482	27,670	6.21%	417,279	32,350	7.75%
Real estate						
Commercial(1)	1,024,583	72,868	7.11%	1,020,161	79,872	7.83%
Construction	882,109	30,996	3.51%	1,074,283	85,406	7.95%
Land development	529,754	15,628	2.95%	567,163	47,234	8.33%
Completed lots	282,629	10,286	3.64%	243,603	19,354	7.94%
Residential 1-4 family	440,232	27,064	6.15%	316,239	24,922	7.88%
Total loans	3,673,793	189,506	5.16%	3,706,433	295,110	7.96%
Total earning assets/total interest income	4,055,043	193,478	4.77%	3,864,178	301,186	7.79%
Reserve for loan losses	(118,566)			(59,573)		
Cash and due from banks	45,925			49,778		
Other assets	172,521			187,425		
TOTAL ASSETS	$ 4,154,923			$ 4,041,808		
Interest Bearing Liabilities						
Money Market, Sweep & NOW accounts	$ 359,622	$ 2,314	0.64%	$ 677,837	$ 11,756	1.73%
Savings accounts	329,381	4,118	1.25%	305,460	6,712	2.20%
Other time deposits	2,263,587	79,134	3.50%	1,749,984	79,504	4.54%
Total interest bearing deposits	2,952,590	85,566	2.90%	2,733,281	97,972	3.58%
Short-term borrowings	18,850	18	0.09%	99,645	2,672	2.68%
FHLB borrowings	427,797	15,912	3.72%	331,824	14,160	4.27%
Subordinated debt	5,156	242	4.69%	5,156	302	5.86%
Total interest bearing liabilities/total interest expense	3,404,393	101,738	2.99%	3,169,906	115,106	3.63%

Noninterest bearing deposits	395,358		371,430	
Other liabilities	24,116		28,103	
Shareholders equity	331,056		472,369	
TOTAL LIABILITIES AND CAPITAL	$ 4,154,923		$ 4,041,808	
NET INTEREST INCOME		$ 91,740		$ 186,080
NET YIELD ON INTEREST EARNING ASSETS		2.26%		4.82%

(1) Includes amounts to convert nontaxable amounts to a fully taxable equivalent basis at a 35% tax rate.

(2) Includes nonaccruing loans.

(3) Annualized.

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	Three Months Ended June 30, 2009 Versus 2008 Increase (Decrease) Due to Change in			Six Months Ended June 30, 2009 Versus 2008 Increase (Decrease) Due to Change in		
	Average Volume	Average Rate	Total Increase (Decrease)	Average Volume	Average Rate	Total Increase (Decrease)
INTEREST INCOME						
Taxable investments	$ (341)	$ (327)	$ (668)	$ (853)	$ (431)	$ (1,284)
Nontaxable investments	(13)	(2)	(15)	(20)	4	(16)
Total	(354)	(329)	(683)	(873)	(427)	(1,300)
Federal funds sold	1,196	(1,055)	141	3,987	(3,738)	249
Loans						
Installment	71	(217)	(146)	57	(547)	(490)
Commercial	134	(1,673)	(1,539)	1,093	(3,433)	(2,340)
Real estate						
Commercial	(66)	(2,546)	(2,612)	173	(3,675)	(3,502)
Construction	(4,515)	(8,205)	(12,720)	(7,639)	(19,566)	(27,205)
Land development	(1,522)	(6,570)	(8,092)	(1,558)	(14,245)	(15,803)
Completed lots	920	(2,459)	(1,539)	1,550	(6,084)	(4,534)
Residential 1-4 family	2,124	(1,736)	388	4,886	(3,815)	1,071
Total loans	(2,854)	(23,406)	(26,260)	(1,438)	(51,365)	(52,803)
TOTAL INTEREST INCOME	(2,012)	(24,790)	(26,802)	1,676	(55,530)	(53,854)
INTEREST EXPENSE						
Money Market, Sweep & NOW accounts	(909)	(692)	(1,601)	(2,759)	(1,962)	(4,721)
Savings accounts	(241)	(889)	(1,130)	263	(1,560)	(1,297)
Other time deposits	4,478	(4,860)	(382)	11,667	(11,852)	(185)
Total interest bearing deposits	3,328	(6,441)	(3,113)	9,171	(15,374)	(6,203)
Short-term borrowings	(545)	(99)	(644)	(1,083)	(244)	(1,327)
FHLB borrowing	982	(531)	451	2,048	(1,172)	876
Subordinated debt		(13)	(13)		(30)	(30)
TOTAL INTEREST EXPENSE	3,765	(7,084)	(3,319)	10,136	(16,820)	(6,684)
CHANGE IN NET INTEREST INCOME	$ (5,777)	$ (17,706)	$ (23,483)	$ (8,460)	$ (38,710)	$ (47,170)

Tax equivalent net interest income decreased $23.5 million, or 51.9%, for the three months ended June 30, 2009, compared to the same period for 2008. Tax equivalent net interest income was negatively impacted by the $5.4 million reversal of interest income on loans placed on nonaccrual status during the quarter. For the period, changes in volume and interest rates decreased tax equivalent net interest income by $5.8 million and $17.7 million,

respectively.

Tax equivalent net interest income decreased $47.2 million, or 50.7%, for the six months ended June 30, 2009, compared to the same period a year ago, and was negatively impacted by the $11.7 million reversal of interest income on nonaccrual loans for the period. For the period, changes in volume and interest rates decreased tax equivalent net interest income by $8.5 million and $38.7 million, respectively.

The annualized tax equivalent net interest margin was 2.21% for the three months ended June 30, 2009, compared to 4.63% for the three months ended June 30, 2008, a decrease of 242 basis points. This decrease primarily resulted from the decrease in the average yield on earning assets of 278 basis points, partially offset by the

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decrease in the average rate on interest bearing liabilities of 50 basis points. The $5.4 million reversal of interest income on nonaccrual loans in the quarter contributed to a 55 basis point decline in the annualized tax equivalent net interest margin during the quarter.

The annualized tax equivalent net interest margin was 2.26% for the six months ended June 30, 2009, compared to 4.82% for the six months ended June 30, 2008, a decrease of 256 basis points. This decrease primarily resulted from the decrease in the average yield on earning assets of 302 basis points, partially offset by the decrease in the average rate on interest bearing liabilities of 64 basis points. For the six months ended June 30, 2009, the reversal of $11.7 million of interest income on nonaccrual loans lowered the tax equivalent net interest margin by approximately 58 basis points.

Abbreviated quarterly average balance sheets and current average yields and costs are shown below (in thousands):

	Quarter Ended June 30, 2009	Quarter Ended June 30, 2008	$ Change	% Change	Current Yield/Cost
ASSETS					
Federal funds sold	$ 239,315	$ 1,994	$ 237,321	NM	0.25%
Securities	107,144	143,750	(36,606)	(25.5)%	2.70%
Loans:					
Commercial and industrial	444,572	437,414	7,158	1.6%	5.98%
Real estate:					
Commercial	1,020,838	1,024,190	(3,352)	(0.3)%	6.88%
Construction	827,641	1,080,338	(252,697)	(23.4)%	3.19%
Land development	501,469	578,954	(77,485)	(13.4)%	2.63%
Completed lots	292,891	241,750	51,141	21.2%	3.85%
Residential 1-4 family	443,747	334,155	109,592	32.8%	6.20%
Installment and other loans	71,186	67,936	3,250	4.8%	7.65%
Total loans	3,602,344	3,764,737	(162,393)	(4.3)%	5.02%
Total earning assets	$ 3,948,803	$ 3,910,481	$ 38,322	1.0%	4.66%
Total assets	$ 4,061,874	$ 4,087,538	$ (25,664)	(0.6)%	
LIABILITIES					
Noninterest bearing deposits	$ 406,910	$ 377,131	$ 29,779	7.9%	
Interest bearing deposits:					
Money market, sweep and NOW	388,049	645,409	(257,360)	(39.9)%	0.70%
Savings	300,522	345,192	(44,670)	(12.9)%	0.98%
Time certificates	2,178,557	1,765,116	413,441	23.4%	3.45%
Total interest bearing deposits	2,867,128	2,755,717	111,411	4.0%	2.82%

Total deposits	3,274,038	3,132,848	141,190	4.5%	
Federal funds purchased and repurchase agreements	18,784	118,866	(100,082)	(84.2)%	0.06%
FHLB advances	426,288	332,297	93,991	28.3%	3.69%
Junior subordinated debt	5,156	5,156		0.0%	4.54%
Total interest bearing liabilities	3,317,356	3,212,036	105,320	3.3%	2.92%
Shareholders equity	$ 312,851	$ 473,750	$ (160,899)	(34.0)%	

NM Not meaningful.

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Provision for Loan Losses

The provision for loan losses totaled $135.0 million for the six months ended June 30, 2009, compared to $33.5 million for the six months ended June 30, 2008.

The increase in the provision for loan losses in the first six months of 2009, as compared to the first six months of 2008, is primarily attributable to the overall decline in the economy, the downturn in the local housing market and its impact on our real estate construction, land development and completed lot loan portfolios and an increase in nonperforming loans. At June 30, 2009, nonperforming loans totaled $764.6 million, compared to $119.9 million at June 30, 2008.

The provision for loan losses is based on management s evaluation of inherent risks in the loan portfolio and a corresponding analysis of the allowance for loan losses. Additional discussion of the allowance for loan losses is provided under the heading *Allowance for Loan Losses* above.

Noninterest Income

The following table represents the key components of noninterest income for the three and six months ended June 30, 2009 and 2008 (in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2009	2008	$ Change	% Change	2009	2008	$ Change	% Change
Net gain (loss) on sale of securities	$ (149)	$ 144	$ (293)	(203.5)%	$ (102)	$ 2,468	$ (2,570)	(104.1)%
Gain on sale of secondary mortgage loans	630	377	253	67.1%	1,214	766	448	58.5%
Net gain (loss) on other real estate owned	(451)		(451)	NM	(451)	12	(463)	NM
Service charges on deposit accounts	1,539	1,421	118	8.3%	2,985	2,746	239	8.7%
Other noninterest income	2,021	2,256	(235)	(10.4)%	4,266	4,509	(243)	(5.4)%
Total noninterest income	$ 3,590	$ 4,198	$ (608)	(14.5)%	$ 7,912	$ 10,501	$ (2,589)	(24.7)%

NM Not meaningful.

Total noninterest income for the three months ended June 30, 2009, totaled $3.6 million, compared to $4.2 million for the same period 2008, a decrease of $608 thousand, or 14.5%. For the six months ended June 30, 2009, total noninterest income totaled $7.9 million, compared to $10.5 million for the six months ended June 30, 2008, a decrease of $2.6 million, or 24.7%.

For the six months ended June 30, 2009, we recognized a $102 thousand loss on sale of securities, compared to a $2.5 million gain on sale of securities for the six months ended June 30, 2008. For the six months ended June 30, 2008, we sold our stock in Skagit State Bank of a gain of $2.0 million and recorded a one-time gain of $274 thousand related to the required liquidation of a portion of our stake of VISA, Inc., which went public in March 2008.

The increase in gain on sale of secondary mortgage loans in 2009, over the same periods in 2008, is primarily attributable to the increase volume, resulting from historically low mortgage interest rates.

The continued downturn in the local housing market, which has negatively affected our real estate construction, land development and completed lot loan portfolios, has led to an increase of foreclosures into OREO on these related properties. For the three and six months ended June 30, 2009, we recognized a net loss of $451 thousand related to OREO. For the period, we recognized an OREO valuation adjustment of $3.8 million, partially offset by a $3.4 million gain on sale of OREO. The OREO valuation adjustment was the result of declines in the market value of these properties subsequent to foreclosure.

The increase in service charges on deposit accounts in 2009, over the same periods in 2008, is primarily attributable to increases in the number of deposit accounts and overdraft fees. The number of deposit accounts increased approximately 3.2% from June 30, 2008 to June 30, 2009.

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The decrease in other noninterest income for the three and six months ended June 30, 2009, compared to the same periods in 2008, is primarily attributable to decreases in insurance and financial service fees and annuity commissions generated by our Trust department.

Noninterest Expense

The following table represents the key components of noninterest expense for the three and six months ended June 30, 2009 and 2008 (in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2009	2008	$ Change	% Change	2009	2008	$ Change	% Change
Salaries and employee benefits	$ 12,217	$ 12,592	$ (375)	(3.0)%	$ 24,637	$ 26,585	$ (1,948)	(7.3)%
Occupancy expense	2,732	2,991	(259)	(8.7)%	5,570	5,581	(11)	(0.2)%
State business taxes	179	594	(415)	(69.9)%	505	1,145	(640)	(55.9)%
Other noninterest expense	10,259	5,356	4,903	91.5%	17,967	9,767	8,200	84.0%
Total noninterest expense	$ 25,387	$ 21,533	$ 3,854	17.9%	$ 48,679	$ 43,078	$ 5,601	13.0%

For the three months ended June 30, 2009, total noninterest expense was $25.4 million, compared to $21.5 million for the same period in 2008, an increase of $3.9 million, or 17.9%. For the six months ended June 30, 2009, total noninterest expense was $48.7 million, compared to $43.1 million for the six months ended June 30, 2008, an increase of $5.6 million, or 13.0%.

The decrease in salaries and employee benefits in 2009, over the same periods in 2008, is primarily attributable to the elimination of bonus and incentive pay, a reduction in executive compensation, a moratorium on hiring and a reduction in force. At June 30, 2009, full time equivalents (FTE) employees totaled 714, down from 813 at June 30, 2008. In addition, the Frontier Board voted to suspend Frontier s matching of employee 401(K) Plan contributions, effective May 1, 2009. See Expense Reduction Measures.

The increase in other noninterest expense in 2009, over the same periods in 2008, is primarily attributable to an increase in FDIC insurance assessments and the one-time special assessment of approximately $1.9 million to be paid in the third quarter of 2009.

Income Taxes

Under generally accepted accounting principles, a valuation allowance is required to be recognized if it is more likely than not that the deferred tax assets will not be recognized. The determination of the realizability of the deferred tax assets is highly subjective and dependent upon judgment concerning management s evaluation of both positive and negative evidence. Frontier considered both positive and negative evidence regarding the ultimate realizability of our deferred tax assets. Positive evidence includes the existence of taxes paid in available carry-back years. Negative evidence includes a cumulative loss for the period ending June 30, 2009. For the quarter ended June 30, 2009, Frontier had a pretax loss of $130.5 million. For the three year period ending in June 2009, we were in a cumulative loss

position. However, this cumulative loss includes a one time impairment charge related to goodwill that was outside the normal operating activities of Frontier.

Factors used to support our position include Frontier having a strong earnings history exclusive of the losses in 2008 and 2009, since this was the third time in its 30 year history that Frontier had been a loss. Excluding the $77.1 million impairment charge, on a rolling three year analysis of pretax earnings, Frontier would not be in a cumulative loss position. As part of the 2008 tax return preparation, we determined that we incurred substantial charge offs for tax purposes in 2008. We expect to be in a net operating loss position for tax purposes for 2008 and 2009. As such, we anticipate we will be able to recover the majority of the taxes paid in 2007 and 2008. As disclosed in our 10-Q for the period ending June 30, 2009, we have reclassified our deferred tax asset to taxes receivable on our balance sheet. This has eliminated our deferred tax asset. To the extent we incur additional losses in 2009, we may not have the ability to record deferred tax assets associated with these losses, given the factors discussed above.

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Liquidity Resources

Liquidity refers to the ability to generate sufficient cash to meet the funding needs of current loan demand, deposit withdrawals, principal and interest payments with respect to outstanding borrowings and payment of operating expenses. The need for liquidity is affected by loan demand, net changes in deposit levels and the scheduled maturities of borrowings. We monitor the sources and uses of funds on a daily basis to maintain an acceptable liquidity position. Liquidity is derived from assets by receipt of interest and principal payments and prepayments, by the ability to sell assets at market prices, earnings and by utilizing unpledged assets as collateral for borrowings.

We continue to closely monitor and manage our liquidity position, understanding that this continues to be of critical importance in the current economic environment. To further increase our on-balance sheet liquidity, we have been focused on reducing our balance sheet, and in particular, the real estate loan portfolio. For the six months ended June 30, 2009, total loans decreased $362.5 million, or 9.6% compared to December 31, 2008. Additionally, we have increased our federal funds sold balances by $172.1 million for the same period.

As shown in the Consolidated Statements of Cash Flows, net cash provided by operating activities was $24.4 million for the six months ended June 30, 2009. The primary source of cash provided by operating activities was net income, after excluding non-cash charges such as the provision for loan losses of $135.0 million. Net cash of $4.7 million provided by investing activities consisted primarily of $153.6 million from the net reduction of loan and $45.9 million from the maturity of available for sale securities, partially offset by the $172.1 million increase in net federal funds sold and the $41.2 million purchase of available for sale securities. The $38.4 million of cash used in financing activities primarily consisted of the $26.0 million net decrease in deposits and the $8.3 million decrease in FHLB advances.

Capital Requirements

We are subject to various regulatory capital requirements administered by federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a material effect on our financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, we must meet specific capital guidelines that involve quantitative measures of assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. The minimum ratios and the actual capital ratios at June 30, 2009, are set forth in the table below (in thousands).

	Frontier	Frontier Bank	Well Capitalized Minimum	Adequately Capitalized Minimum
Total capital to risk-weighted assets	9.42%	9.13%	10.00%	8.00%
Tier 1 capital to risk-weighted assets	8.15%	7.86%	6.00%	4.00%
Tier 1 leverage capital to average assets	6.74%	6.49%	5.00%	4.00%

Although the Tier 1 capital ratio and Tier 1 leverage capital ratio for Frontier and Frontier Bank were above the minimum ratios normally required to be well capitalized at June 30, 2009, for regulatory capital purposes, the FDIC and the FRB have advised Frontier and Frontier Bank that they will no longer be regarded as well capitalized for federal regulatory purposes, as a result of the deficiencies cited in the FDIC Order, which requires Frontier Bank to increase its Tier 1 leverage ratio to 10% of total assets. See Regulatory Actions. We believe Frontier and Frontier

Bank were adequately capitalized at June 30, 2009.

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Contractual Obligations and Commitments

The following table sets forth our long-term contractual obligations at December 31, 2008 (in thousands):

	Payments Due per Period				
	Less Than One Year	1-3 Years	3-5 Years	Thereafter	Total
Time deposits	$ 1,882,705	$ 242,973	$ 61,133	$ 2,235	$ 2,189,046
FHLB borrowings	68,146	65,786	200,485	95,000	429,417
Junior subordinated debt				5,156	5,156
Operating leases	1,900	2,979	1,731	1,064	7,674
Total	$ 1,952,751	$ 311,738	$ 263,349	$ 103,455	$ 2,631,293

Interest Rate Risk

Interest rate risk refers to the exposure of our earnings and capital to risk arising from changes in interest rates. Management s objectives are to control interest rate risk and to ensure predictable and consistent growth of earnings and capital. Interest rate risk management focuses on fluctuations in net interest income identified through computer simulations to evaluate volatility under varying interest rate, spread and volume assumptions. The risk is quantified and compared against tolerance levels.

We use a simulation model to estimate the impact of changing interest rates on earnings and capital. The model calculates the change in net interest income and net income under various rate shocks. As of June 30, 2009, the model predicted that net interest income and net income, over a one-year horizon, would decrease by approximately $12.8 million and $8.4 million, respectively, if rates increased 2%. Since rates are currently less than 1%, the model has not been used to predict the effect of any decreases in interest rates. The decrease in both net interest income and net income if rates were to increase, over a one-year horizon, is attributable to our balance sheet becoming more liability sensitive during the first six months of 2009.

The actual change in earnings will be dependent upon the dynamic changes that occur when rates change. Generally, while the direction of these changes is predictable, the exact amounts are difficult to predict and actual events may vary substantially from the simulation model results.

Recent Accounting Pronouncements

See Note 2 of the Consolidated Financial Statements for a discussion of recently issued accounting pronouncements.

Certain Beneficial Ownership of Frontier Common Stock

The following table sets forth, as of September 14, 2009 and after consummation of the merger, information as to the shares of Frontier common stock beneficially owned by each person who, to the knowledge of Frontier, is the owner of more than 5% of the outstanding shares of Frontier common stock, by Frontier s chief executive officer, chief credit officer, chief financial officer and chief executive officer of its subsidiary, Frontier Bank, by each director of Frontier, and by the executive officers and directors of Frontier as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. Common stock subject to options that are currently exercisable or exercisable within 60 days of September 14, 2009 are deemed to be outstanding and beneficially owned by the person holding such options. The percentage of beneficial ownership before the merger is based on 47,385,007 shares of Frontier common stock outstanding, as of the date of this prospectus, including 253,154 shares of restricted stock which will vest upon consummation of the merger, and the percentage of beneficial ownership of the combined company after the merger, is based on 50,170,588 shares of common stock of the combined company outstanding, assuming no outstanding options, warrants or conversion rights are exercised and after reflecting the approximate 2,512,000 shares to be issued in the merger, the forfeiture of an aggregate of 9,453,412 shares by certain SPAH insiders and the issuance of 3,000,000 shares pursuant to the co-investment. Such shares, however, are not deemed

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outstanding for the purposes of computing the percentage ownership of any other person. Currently, none of the shares beneficially owned by Frontier s directors or executive officers named below are pledged as security.

Except as indicated by footnote, the persons named in the table below have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, and their address is 332 S.W. Everett Mall Way, Everett, WA 98204. The percentage of beneficial ownership is based on shares of common stock outstanding as reflected in the previous paragraph.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percentage of Shares Beneficially Owned Before Merger(2)	Number of Shares Beneficially Owned After Merger	Percentage of Shares Beneficially Owned After Merger
Directors				
David M. Cuthill	19,700	*	1,044	*
Lucy DeYoung	26,564	*	1,408	*
Edward D. Hansen	449,994(3)	*	23,850	*
Edward C. Rubatino	592,013(4)	1.26%	31,377	*
Darrell J. Storkson	585,057	1.24%	31,008	*
Mark O. Zenger	68,525(5)	*	3,632	*
Named Executive Officers				
Patrick M. Fahey**	32,750(6)	*	1,736	*
Michael J. Clementz**	135,737(7)	*	7,194	*
John J. Dickson**	893,902(8)	1.90%	47,377	*
Carol E. Wheeler	79,233(9)	*	4,200	*
Robert W. Robinson	86,455(10)	*	4,582	*
All Directors and Executive Officers as a group (16 persons)	3,103,451(11)	6.56%	164,483	*
5% Shareholders				
Barclays Global Investors	2,991,528(12)	6.35%	158,551	*
State Street Bank and Trust Company	2,543,288(13)	5.40%	134,794	*

* Less than 1%.

** Also serves as a Director of Frontier.

(1) In determining beneficial ownership, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares: (1) voting power which includes the power to vote, or to direct the voting of, such securities and/or (2) investment power which includes the power to dispose, or to direct the disposition, of such security. In addition, for the purposes of this chart, a person is deemed to be the beneficial owner of a security if that person has the right to acquire beneficial ownership of such security within 60 days, including, but not limited to, any right to acquire: (a) through exercise of an option, warrant, or right; (b) through the conversion of security; (c) pursuant to the

power to revoke a trust, discretionary account or similar arrangement; or (d) pursuant to the automatic termination of a trust, discretionary account or similar arrangement.

(2) Any securities not outstanding but which are subject to options, warrants, rights or conversion privileges exercisable within 60 days are deemed to be outstanding for the purpose of computing the percentage of outstanding securities of the class owned by such person, but not for the purpose of computing the percentage of the class by any other person.

(3) Includes 9,090 shares held by Mr. Hansen s spouse who has voting and dispositive power, 60,744 shares held by Mr. Hansen or Mr. Hansen s spouse in custody for children or grandchildren, 20,821 shares held in a charitable trust of which Mr. Hansen is trustee and has voting and dispositive power and 144,997 shares held in an investment capacity of which Mr. Hansen has voting and dispositive power.

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(4) Includes 267,826 shares held in a trust of which Mr. Rubatino is trustee and has voting and dispositive power.

(5) Includes 2,048 shares held by a business partner with respect to which Mr. Zenger disclaims beneficial ownership.

(6) Includes 6,750 shares which Mr. Fahey has the right to acquire through the exercise of stock options.

(7) Includes 27,000 shares which Mr. Clementz has the right to acquire through the exercise of stock options.

(8) Includes 40,290 shares which Mr. John Dickson has the right to acquire through the exercise of stock options, 34,615 shares by Mr. Dickson or Mr. Dickson s spouse in custody for children, 15,243 shares held in trust of which Mr. Dickson has voting and dispositive power and includes 688,432 shares held by the family limited partnership as a result of Mr. Dickson s beneficial interest as General Partner of the family limited partnership.

(9) Includes 23,133 shares which Ms. Wheeler has the right to acquire through the exercise of stock options, 423 shares held in custody for children and 6,750 shares by Ms. Wheeler s spouse and his mother.

(10) Includes 25,393 shares which Mr. Robinson has the right to acquire through the exercise of stock options.

(11) Includes 165,637 shares which Named Executive Officers and Directors listed in the table have the right to acquire through the exercise of stock options, 11,889 shares held by officers not listed or reflected elsewhere in the table, and 16,833 shares which such officers not listed or reflected elsewhere in the table have the right to acquire through the exercise of stock options.

(12) Barclays Global Investors stated in its Schedule 13G filing on February 6, 2009, that, of the 2,991,528 shares beneficially own, it (a) has sole voting power with respect to 2,351,423 shares, (b) has shared voting power with respect to no shares and (c) has sole dispositive power with respect to all 2,991,528 shares. According to the Schedule 13G filing, the address of Barclays Global Investors is Apianstrasse 6, D-85774, Unterfohring, Germany.

(13) State Street Bank and Trust Company stated in its Schedule 13G filing on February 13, 2009, that, of the 2,543,288 shares beneficially own, it (a) has sole voting power with respect to 2,543,288 shares, (b) has shared voting power with respect to no shares, and (c) has sole dispositive power with respect to no shares. According to the Schedule 13G filing, the address of State Street Bank and Trust Company is State Street Financial Center, One Lincoln Street, Boston, Massachusetts 02111.

Executive Compensation Discussion and Analysis

The following Compensation Discussion and Analysis describes the material elements of compensation for Frontier executive officers identified in the Summary Compensation Table (Named Executive Officers). As more fully described below, the Personnel and Compensation Committee of the Board (the Compensation Committee) makes all decisions for the total compensation-that is, the base salary, bonuses and incentives and stock options and restricted stock-of the Corporation s executive officers, including the Named Executive Officers. The Compensation Committee s recommendations for the total direct compensation of the Corporation s Chief Executive Officer are subject to approval of the Frontier Board.

The day-to-day design and administration of retirement, savings, health, welfare and paid time-off plans and policies applicable to employees in general are handled by Human Resources employees. The Compensation Committee (or

the Frontier Board) remains responsible for certain fundamental changes outside the day-to-day requirements necessary to maintain these plans and policies.

Role of the Compensation Committee

Purpose. The Compensation Committee assists the Frontier Board in fulfilling its responsibilities for administering the Corporation s compensation program offered to the Corporation s officers and directors.

Outside Consultants and Advisors. The Compensation Committee has the authority to retain and terminate any independent, third-party compensation consultant and to obtain independent advice and assistance from internal and external legal, accounting and other advisors.

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Compensation Philosophy

The goals of the Corporation s compensation program are to: (1) enable the Corporation to attract, retain and motivate the most qualified, talented employees who contribute to the long-term success of the Corporation; (2) align compensation with business objectives and performance; and (3) align incentives for executive officers with the interests of shareholders to maximize shareholder value. The Corporation emphasizes performance-based compensation that is reasonable and competitive in the marketplace and reviews its compensation practices annually, including comparing them with competitors. Compensation reflects the competition for executive talent and the unique challenges and opportunities facing the Corporation in the financial services market.

The Corporation s compensation program for all employees generally includes both cash and equity-based factors. Consistent with competitive practices, the Corporation also utilizes cash bonuses and incentive plans based on achievements of financial performance objectives.

Role of Executive Officers and Management in Compensation Decisions

The Compensation Committee may invite members of management to attend its meetings and did so for portions of the Compensation Committee s meetings during fiscal 2008. The Compensation Committee also meets on occasion with the Corporation s Chief Executive Officer, Patrick M. Fahey, and/or other executives, including Chief Financial Officer, Carol E. Wheeler, President, John J. Dickson and Executive Vice President Human Resources, Connie Pachek, to obtain recommendations with respect to compensation programs for other corporate executives, employees and nonemployee directors. Mr. Fahey is closely involved in assessing the performance of our executive officers (other than himself) and making recommendations to the Compensation Committee regarding base salary, bonus targets and equity compensation for these executive officers.

The Compensation Committee also regularly holds executive sessions not attended by any members of management or by non-independent directors. The Compensation Committee discusses Mr. Fahey s compensation package with him and then makes decisions with respect to Mr. Fahey s compensation in a Compensation Committee only meeting. The Compensation Committee evaluates the Chief Executive Officer s performance annually relative to the performance of the Corporation and consistent with the approved goals and objectives of the Corporation and the Chief Executive Officer. The Compensation Committee then recommends the compensation of the Chief Executive Officer, based on this evaluation, to the full Frontier Board for approval.

Management makes recommendations to the Compensation Committee regarding base salary, bonus targets and equity compensation for each of our executive officers other than Mr. Fahey. The Compensation Committee is not obligated to accept management s recommendations with respect to executive compensation.

In formulating its recommendations for executive compensation for fiscal 2008, management used competitive compensation data it gathered from other publicly available sources, as well as compensation data provided by Equilar, Inc. Management complied the data and formulated the recommendations regarding executive compensation that it presented to the Compensation Committee. Based on discussions between management and the Frontier Board in September 2008, executive management salary compensation for fiscal 2009 was reduced by 5% except for President, John J. Dickson s compensation which was reduced by 10% due to the Corporation s and Bank s 2008 financial performance. In addition, discretionary bonuses for 2008 were not awarded.

The Chief Executive Officer evaluates the performance of each of the other Named Executive Officers performance annually relative to the performance of the Corporation and consistent with the approved goals and objectives of the Corporation and the Named Executive Officer. The Chief Executive Officer submits this evaluation to the Compensation Committee for review and, collectively, the Chief Executive Officer and the Compensation Committee

then recommend the compensation of the Named Executive Officers to the full Frontier Board for approval.

Compensation decisions for employees who are not Named Executive Officers are made at the appropriate levels within the Corporation with review and oversight provided by the executive officers of the Corporation.

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Setting Executive Compensation

Based on the compensation discussion set forth above, the Compensation Committee has structured the Corporation s annual and long-term incentive-based cash and noncash executive compensation to motivate our executives to achieve our business goals and to reward our executives for achieving those goals.

In making compensation decisions, the Compensation Committee compares each element of total compensation against a peer group of publicly-traded banks, with assets ranging from $1 billion to $10 billion in Washington, Oregon, Idaho and Montana. The peer group, which is periodically reviewed and updated by the Compensation Committee, consists of banks similar in size and business to us and which we compete against. The banks comprising the peer group are:

Bank Name	Ticker Symbol
AmericanWest Bancorporation	AWBC
Banner Corporation	BANR
Cascade Bancorp Inc.	CACB
Cascade Financial Corporation	CASB
Columbia Banking System	COLB
Glacier Bancorp Inc.	GBCI
Horizon Financial Corporation	HRZB
Umpqua Holdings Corporation	UMPQ
West Coast Bancorp	WCBO

Due to variances in size among the peer group, the Compensation Committee informally analyzes the compensation data for differences in assets and income when making comparisons. We compete with many banks for top level executive talent and as such, set executive compensation at a level comparable to similar peer group executives to enable us to attract, retain and compensate executives to ensure superior results for the Corporation. Variations within these objectives may occur due to the experience level or performance of the individual executive or other market factors.

Data on the compensation practices of our peer group is generally gathered through searches of publicly available information, including publicly available databases. As publicly available information does not typically include information regarding target cash compensation, the Corporation periodically relies upon compensation surveys to provide benchmark target compensation levels for our peer group. Peer group data includes base salary, targeted cash compensation and equity awards, including equity compensation. It usually does not include deferred compensation benefits or generally available benefits, such as 401(k) plans or health care coverage. For fiscal 2008, we obtained sufficient market base salary information for Mr. Fahey, Mr. Clementz, Mr. Dickson, Mr. Ryan and Ms. Wheeler, from public information (for example, proxy statements), which was the Corporation s primary source. Due to the limited availability of salary information in proxy statements for positions other than these Named Executive Officers, the Compensation Committee relied on a combination of public information and survey sources for other executives. The use of compensation surveys to benchmark compensation for the Named Executive Officers was limited to information from our peer group.

There is no pre-established policy or target for the allocation between either cash and noncash or short-term and long-term incentive compensation. Rather, the Compensation Committee reviews the available information to establish an appropriate and competitive level and mix of incentive compensation. Income from such incentive

compensation is realized based on the performance of the Corporation and the individual compared to established goals. Historically, and in fiscal 2008 as well, the Compensation Committee recommended a majority of total compensation to our executive officers in the form of cash compensation.

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2008 Executive Compensation Components

For the fiscal year ended December 31, 2008, the principal components of compensation for the Named Executive Officer were:

- base salary
- equity compensation program
- incentive compensation and profit sharing
- 401(k) savings and profit sharing
- health care and other benefits

Base Salary

The Corporation sets a base salary for each executive officer, including the Chief Executive Officer, by reviewing the base salary for comparable positions of the peer group. Individual salaries for each executive officer are set relative to this target group based on certain individual performance and contribution to the Corporation s results. As part of the annual performance review process, an executive s base salary is typically considered for adjustment. The executive s performance and current compensation are considered at this time. For fiscal year 2009, due to economic conditions and the Corporation s performance, base salaries were reduced by 5% for executive management except for Mr. Dickson, which was reduced by 10%.

Cash Bonuses

Named Executive Officers and other employees are eligible to participate in our cash incentive and bonus plans. Our cash bonuses compensate employees for attaining annual financial performance goals for the Corporation s return on assets, or ROA and return on equity, or ROE. Named Executive Officers, other than the Chief Executive Officer, propose annual goals which are reviewed and approved by the Chief Executive Officer. The Chief Executive Officer s goals are established in conjunction with the Compensation Committee and agreement by the Frontier Board. Bonus payouts for Named Executive Officers are determined at the end of the year by the Compensation Committee in its discretion, without any specific formula, based on goal attainment, individual performance and Corporation profitability. Performance targets for 2008 were a return on average assets of 2.0% and a return on average equity of 20%. No bonuses were awarded in 2008 to any of the Named Executive Officers due to the financial performance of the Corporation.

The Corporation does not undertake a detailed analysis of how difficult it would be for the Corporation and the Named Executive Officers to achieve the target levels of performance for each performance measure. Rather, both the Compensation Committee and management considered the likelihood of the achievement of target levels of performance when recommending and approving the performance measures and target bonuses. At the time the performance measures were set, the Compensation Committee believed that the goals would be challenging, but achievable with significant effort and skill.

Stock Option and Restricted Stock Program

We granted stock options and restricted stock awards to Named Executive Officers and other employees, to encourage participants to focus on long-term performance and maximization of shareholder value. These forms of equity

compensation help align the long-term interests of the executive officers with those of our shareholders, provide an opportunity for equity ownership, increase retention and help maintain a competitive total compensation package.

Stock options provide the opportunity to purchase our common stock at a price fixed on the grant date. A stock option becomes valuable only if our common stock price increases above the option exercise price and the holder of the option remains employed during the period required for the option to vest. Thus, stock options provide an incentive for an option holder to remain employed with the Corporation and links a portion of the option holder s

compensation with shareholders interests by providing an incentive that encourages long-term Corporation profitability, which increases the market price of our stock.

The exercise price of stock options is set at fair market value on grant date. Under the shareholder approved Stock Option Plan, the Corporation may not grant stock options at a discount to fair market value or reduce the exercise price of outstanding stock options except in the case of a stock split or other similar event. The Corporation does not grant stock options with a so-called reload feature, nor does it loan funds to employees to enable them to exercise stock options. The Corporation s long-term performance ultimately determines the value of stock options, because gains from exercised stock options are entirely dependent on long-term appreciation in the Corporation s stock price.

The granting of incentive stock options and stock awards to directors, executive officers, senior officers and employees are made under the Frontier Financial Corporation 2006 Stock Incentive Plan which was approved by the shareholders at the 2006 Annual Meeting of Shareholders. The 2006 Plan authorizes the grant of stock options, which may include stock appreciation rights, or SARs, and restricted stock awards. No SARs or nonqualified stock options have been granted under the Stock Option Plan to date. The Compensation Committee is responsible for overall administration of the stock option process and recommends approval of all grants, including those to executive officers. Daily administration of the 2006 Stock Incentive Plan is maintained by the Corporation, under the supervision of the Compensation Committee. The Chief Financial Officer has established procedures that provide for consistency and accuracy in determining the fair market value of options and the expense regarding the stock option grants in compliance with FAS 123(R), which the Corporation implemented at the beginning of 2006.

In general, each incentive stock option permits the option holder to purchase in the future a specified number of shares of our common stock from the Corporation at the exercise price, which is the average of the high and low price of the stock on the date of the grant. The incentive stock options generally cliff vest after three years and have a term of ten years from the date of grant. For Messrs. Dickson and Ryan and Ms. Wheeler the incentive stock options granted in 2008 all had cliff vesting of three years from the date of grant, meaning that the executive had to remain employed by the Corporation for three full years to exercise any option granted to our Named Executive Officers. For Messrs. Fahey and Clementz, the incentive stock options granted in 2008 vested immediately and have a term of ten years. Prior to the exercise of an incentive stock option, the holder has no rights as a shareholder with respect to the shares subject to such option, including no voting rights and no right to receive dividends.

A restricted stock award entitles the executive officer to receive a specified number of our common stock from the Corporation. Stock awards are recommended by the Compensation Committee of the Frontier Board, in conjunction with the recommendation of incentive stock options, as part of the overall equity compensation program. Upon granting of a stock award, the holder has full voting rights and the right to receive dividends on shares. The stock awards granted in 2008 vest ratably over three years.

Incentive stock option and restricted stock award levels are determined by the Compensation Committee based on an overall review of the total compensation package and the competitive analysis discussed below and vary among participants based on their positions and have historically been granted in December of each year. Additional information on these grants, including the number of shares subject to each grant, is also shown in the Grants of Plan-Based Awards Table. Our outside directors have not historically participated in our stock option program.

No Backdating or Spring Loading.

Frontier does not backdate options or grant options or stock awards retroactively. The Corporation s awards or options are generally granted on a fixed date or event each year (historically the scheduled board meeting before fiscal year end), with all required approvals obtained on or before the actual grant date. All grants to all employees require the approval of the Frontier Board.

Fair market value for options and stock awards is determined as the average of the high and low price of our common stock on the grant date. In order to ensure that its exercise price fairly reflects all material information-without regard to whether the information seems positive or negative-every grant is contingent upon an assurance by the Corporation s legal counsel that the Corporation is not in possession of material undisclosed information. If the

Corporation is in possession of such information, grants are suspended until the second business day after public dissemination of the information.

Lack of Grant Date Coordination with the Release of Material Non-Public Information.

The grant date for awards to employees is the date the Frontier Board approves the awards based upon the recommendation of the Compensation Committee. The Corporation engages in a consistent and predetermined practice for granting annual awards to all employees. The Compensation Committee establishes the meeting and grant dates in accordance with the Corporation s policy and does not schedule these dates based on knowledge of material nonpublic information or in response to the Corporation s stock price.

Grants are made at Frontier Board meetings scheduled in advance to meet appropriate deadlines for compensation related decisions. The exercise price for every stock option and the valuation of each restricted stock award is based on the average of the high and low price for our common stock on the date of the grant, using price information from the NASDAQ Stock Market, which represents the fair market value of the shares on the date of grant.

There is a limited term in which stock options can be exercised, known as the option term. The option term for executive officers is generally ten years from the date of grant. At the end of the option term, the right to exercise any unexercised options expires. Vesting and exercise rights for stock options and stock awards cease upon termination of employment, except in the case of death or disability.

Our equity compensation program is an important piece of our overall compensation philosophy and helps motivate and retain the executives who lead the growth and success of our Corporation. It provides real incentives for our employees to sustain and enhance our long-term performance and shareholder value. Both our executive officers and the Compensation Committee believe that the superior performance of these individuals will contribute significantly to our ongoing and future success.

401(k) Profit Sharing Plan and Trust

The 401(k) Profit Sharing Plan and Trust is a tax-qualified retirement savings plan in which all employees, including the Named Executive Officers, are eligible to participate. Frontier s qualified 401(k) Plan allows highly compensated employees to contribute up to 15 percent of their base salary, up to the limits imposed by the Internal Revenue Code-$15,000 for 2008-on a pre- or after-tax basis. Participants that are 50 years or older can also make catch-up contributions which in 2008 may be up to an additional $5,000 above the statutory limit under the Plan. Each employee is fully vested in his or her deferred salary contributions when made. We match 100% of the first 4% of pay that employees contribute to the Plan; these matching contributions are mandatory and vest immediately. In addition to matching employee contributions into the Plan, we may make discretionary contributions of a portion of our income to the Plan each year. We did not make a profit sharing contribution for 2008 due to the impact of the economic downturn or the Corporation s financial results.

Participants choose to invest their account balances from an array of investment options as selected by plan fiduciaries from time to time. The 401(k) Plan is designed to provide for distributions in a lump sum, rollovers or monthly distributions after termination of service. However, loans and in-service distributions under certain circumstances such as a hardship, attainment of age 591/2, or disabilities are permitted.

Split Dollar Insurance Agreements

Neither the Corporation nor Frontier Bank maintains a defined benefit pension plan or nonqualified deferred compensation plan to fund retirement benefits for its Named Executive Officers or other executives. However, in

December 2001, Frontier Bank purchased insurance policies on the lives of 53 of its employees, including Messrs. Dickson and Ryan and Ms. Wheeler and entered into Split Dollar Insurance Agreements with each of these executives. These split dollar arrangements were adopted by Frontier Bank to substitute coverage from its previous group-term life insurance program for its employees. The premium amounts paid are the property of Frontier Bank and provide Frontier Bank with a tax equivalent yield which exceeds comparable short-term investment alternatives. Frontier Bank expects to recover in full the premiums paid by it from Frontier Bank s portion of the policies

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death benefits. Under the Split Dollar Insurance Agreements, when the employee dies, his or her designated beneficiary will be entitled to receive from the insurance proceeds an employee death benefit equal to two times the executive s base salary, less $50,000, up to a maximum of $250,000. In addition, $50,000 of group term life insurance is provided by Frontier Bank to the executive for a total maximum benefit of $300,000, if the executive dies while employed by Frontier Bank. If the executive s employment with Frontier Bank terminates by reason of his or her total disability, early or regular retirement from Frontier Bank, the employee death benefit continues, but is reduced to one time the executive s base salary, up to a maximum of $150,000. Frontier Bank is entitled to receive all insurance proceeds in excess of the employee death benefit. These Split Dollar Insurance Agreements are subject to termination prior to the death of the executive, if: (i) Frontier Bank cancels the insurance policy, becomes bankrupt, dissolves or discontinues its business; or (ii) by written notice by either party; or (iii) the executive s employment terminates for any reason other than total disability, early or regular retirement.

Compensation of Chief Executive Officer

Mr. Fahey s base salary and equity compensation for fiscal 2008 were determined in accordance with the compensation philosophy and process described above, including the policy of targeting our compensation within the peer group and paying for performance. In setting Mr. Fahey s salary and equity compensation, the Compensation Committee relied on market-competitive peer group pay data and the strong belief that the Chief Executive Officer significantly and directly influences the Corporation s overall performance.

Change of Control Arrangements

The Corporation has entered into change of control agreements with eight of its key employees, including the Named Executive Officers Messrs. Dickson and Ryan and Ms. Wheeler. The change of control agreements are designed to promote stability and continuity of senior management. Information regarding applicable payments under such agreements for the Named Executive Officers is provided under the heading Severance and Change of Control Arrangements.

Benefits and Perquisites

As salaried employees, the Named Executive Officers participate in a variety of retirement, health and welfare and paid time-off benefits designed to enable the Corporation to attract and retain its workforce in a competitive marketplace. Health and welfare and paid time-off benefits help ensure that the Corporation has a productive and focused workforce through reliable and competitive health and other benefits. Savings plans help employees, especially long-service employees, save and prepare financially for retirement. The costs of these benefits are included in column (i) of the Summary Compensation Table at page 184.

Frontier promotes an egalitarian culture the Corporation does not provide its officers or other senior-level executives with preferential parking, separate dining facilities or similar perquisites. The Corporation s officers, non-officer executives and other senior-level employees are eligible for certain additional benefit programs, all of which are quantified in the Summary Compensation Table and available to all eligible employees. The Corporation does not provide loans to executive officers, except in the ordinary course of its banking business as permitted by the rules of the FDIC and the SEC.

Tax Implications of Executive Compensation

Deductibility of Executive Compensation

As part of its role, the Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, which provides that the Corporation may not deduct compensation of more than $1,000,000 that is paid to certain individuals. The Corporation believes that compensation paid under the Corporation s Stock Option Plans and other executive compensation plans and arrangements are generally fully deductible for federal income tax purposes. However, in certain situations, the Compensation Committee may approve compensation that will not meet these requirements in order to ensure competitive levels of total compensation for its executive officers.

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Accounting for Stock-Based Compensation

Beginning on January 1, 2006, the Corporation began accounting for stock-based payments including its Stock Option Plan in accordance with the requirements of FASB Statement 123(R).

Summary Compensation Table

The table below summarizes the total compensation paid or earned by each of the Named Executive Officers for the fiscal year ended December 31, 2008. We have also entered into change of control agreements with eight of our executive officers, including three of the Named Executive Officers, which are discussed on page 187 of this proxy statement. When setting total annual compensation for each of the Named Executive Officers, the executive s current compensation, including equity and non-equity based compensation, in considered relative to the executive s overall performance and the competitive market factors, the company s financial performance, peer group information and compensation history. The Compensation Committee reviews the factors it considers to be the most relevant for the current fiscal year to set compensation at a reasonable, competitive level.

SUMMARY COMPENSATION TABLE

Name and Principal Position (a)	**Year (b)**	**Salary (c)**	**Bonus (d)**	**Stock Awards (3) (e)**	**Option Awards (4)(5) (f)**	**Non-Equity Incentive Plan Compensation (g)**	**Change in Pension Value and Nonqualified Deferred Compensation Earnings (h)**	**All Other Compensation (1) (i)**	**Total (j)**
atrick M. Fahey	2008	$ 29,700(2)	-0-	$ 67,536	$ 7,090	-0-	-0-	$ 36,900	$ 141,226
hief Executive	2007	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
fficer	2006	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
arol E. Wheeler	2008	189,000	-0-	3,875	17,721	-0-	-0-	14,170	224,766
hief Financial	2007	180,000	10,957	3,864	9,383	100,000	-0-	33,016	337,219
fficer	2006	140,000	9,197	11,607	26,864	75,000	-0-	30,836	293,501
ichael J. Clementz	2008	63,667(6)	-0-	67,536	7,090	-0-	-0-	39,000	177,293
resident	2007	40,000	2,584	-0-	-0-	-0-	-0-	107,388	149,972
	2006	40,000	4,402	-0-	19,565	-0-	-0-	77,400	141,367
ohn J. Dickson	2008	367,500	-0-	79,943	21,287	-0-	-0-	22,083	490,813
resident, Frontier	2007	300,000	21,304	118,872	9,443	400,000	-0-	40,769	890,388
ank	2006	300,000	19,783	111,347	26,864	300,000	-0-	37,435	795,429
yle E. Ryan	2008	265,650	-0-	12,407	21,287	-0-	-0-	14,170	313,514
VP, Frontier Bank	2007	253,000	15,400	11,484	9,443	160,000	-0-	33,016	482,343
	2006	235,000	15,496	33,947	26,864	125,000	-0-	35,437	471,744

(1)

The amount shown in column (i) reflects, for each Named Executive Officer: 401 (k) Savings and Profit Sharing contributions allocated by the Corporation to each of the Named Executive Officers pursuant to the plan which is more fully described on page 182, and the cost of medical, dental, vision, life and disability insurance provided by the Corporation. The amount attributable to each such perquisite or benefit for each Named Executive Officer does not exceed the greater of $25,000 or 10% of the total amount of perquisites received by such Named Executive Officer, except for Messrs. Fahey and Clementz, which represent their board meeting fees prior to their appointment in December 2008 as CEO and President, respectively.

(2) Mr. Patrick Fahey s first day of employment was December 4, 2008. His annual salary was $396,000 as of December 31, 2008.

(3) Mr. Patrick Fahey, Mr. Michael Clementz and Mr. John Dickson also serve as members of the Board of Directors of the Corporation. In 2008, Messrs. Fahey, Clementz and Dickson each received a retainer 3,600 shares of our common stock in January 2008 which had a value at the time of the award of $18.76 per share, or $67,536, which is reflected in column (e).

(4) The amounts in column (f) reflect the prorated vesting dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2008, in accordance with FAS 123(R). Assumptions used in the calculation of these amounts are included in Note 15 to the Corporation s audited financial

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statements for the fiscal year ended December 31, 2008, included in the Corporation s Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 5, 2009.

(5) On December 17, 2008, Messrs. Dickson and Ryan were granted an incentive stock option to purchase 6,750 shares and Ms. Wheeler was granted an incentive stock option to purchase 4,500 shares of our common stock at an exercise price of $3.02. The options will vest on the third anniversary of the grant date. The fair market value of each option as determined in accordance with FAS 123(R) was $1.05. Messrs. Fahey and Clementz were granted an incentive stock option to purchase 6,750 shares of our common stock at an exercise price of $3.02 which vest immediately. The fair value of each option as determined in accordance with FAS 123(R) was $1.05.

(6) Represents salary paid to Mr. Michael Clementz as President of FFP, Inc. of $40,000 and $23,667 as CEO of Frontier Bank from December 4, 2008 through December 31, 2008. His annual salary was $360,000 as of December 31, 2008.

Stock Option Grants In 2008

The following table provides information on stock options granted to each of the Corporation s Named Executive Officers in the fiscal year ended December 31, 2008. There can be no assurance that the Grant Date Fair Value of Stock and Option Awards will ever be realized. The amount of these awards that was expensed is shown in the Summary Compensation Table, column (f) on page 184.

GRANTS OF PLAN-BASED AWARDS

		Estimated Future Payouts Under Nonequity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Options Awards: Number of Securities Underlying	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option
Name (a)	Grant Date (b)	Threshold ($) (c)	Target ($) (d)	Maximum ($) (e)	Threshold (#) (f)	Target (#) (g)	Maximum (#) (h)	(#) (i)	(#) (j)	($/Sh) (k)	Awards (l)
Patrick M. Fahey	12/17/08	-0-	(2)	(2)	6,750	6,750	6,750			$ 3.02	$ 1.05
Carol E. Wheeler	12/17/08	-0-	(2)	(2)	4,500	4,500	4,500			3.02	1.05
Michael J. Clementz	12/17/08	-0-	(2)	(2)	6,750	6,750	6,750			3.02	1.05
John J. Dickson	12/17/08	-0-	(2)	(2)	6,750	6,750	6,750			3.02	1.05
	12/17/08	-0-	(2)	(2)	6,750	6,750	6,750			3.02	1.05

Lyle E.
Ryan

(1) Options allow the grantee to purchase a share of Frontier Financial Corporation common stock for the fair market value of a share of common stock on the grant date. Options for Messrs. Fahey and Clementz are immediately exercisable and have a ten year term. Options for Messrs. Dickson and Ryan and Ms. Wheeler become exercisable after 3 years and have ten year terms.

Column (l) represents the aggregate FAS 123(R) values of options granted during the year. The per-option FAS 123(R) grant date value was $1.05 each for all options. There can be no assurance that the options will ever be exercised (in which case no value will be realized by the executive) or that the value on exercise will equal the FAS 123(R) value.

(2) Target and maximum amounts are not negotiated and are 100% discretionary.

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OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2008

	Option Awards					Stock Awards			
Name (a)	Number of Securities Underlying Unexercised Options Exercisable (b)	Number of Securities Underlying Unexercised Options Unexercisable (c)	Equity Incentive Plan Awards Number of Securities Underlying Unexercised Unearned Options (d)	Option Exercise Price (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (g)	Market Value of Shares or Units of Stock That Have Not Vested (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares Units or Other Rights That Have Not Vested (j)
Patrick M. Fahey	6,750			$ 3.02	12/17/2018				
Carol E. Wheeler	1,800			11.55	12/18/2012				
	2,250			14.67	12/16/2013				
	3,375			17.78	12/14/2014				
	3,375			21.50	12/20/2015				
		3,333(1)		29.83	12/12/2016				
		4,500(2)		18.76	12/11/2017				
		4,500(3)		3.02	12/17/2018	129(4)	$ 246		
Michael J. Clementz	6,750			14.67	12/16/2013				
	1,125			17.78	12/14/2014				
	5,625			17.77	12/14/2014				
	3,720			21.50	12/20/2015				
	3,030			21.50	12/20/2015				
	6,750			3.02	12/17/2018				
John J. Dickson	1,440			$ 10.22	12/20/2010				
	1,620			11.55	12/19/2011				
	1,800			11.55	12/18/2012				
	6,750			14.67	12/16/2013				

5,625	17.77	12/14/2014
1,125	17.78	12/14/2014
3,030	21.50	12/20/2015