

## **Exhibit A**

### **FRONTIER AIRLINES, INC. SIXTH REVISED PROPOSAL TO LOCAL 961 OF THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS (IBT) AS MODIFIED ON THE RECORD IN THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK ON OCTOBER 31, 2008**

#### **Agreements Subject to Proposal**

The Company proposes to amend certain terms of the Agreement between Frontier Airlines and Teamsters Airline Division for Aircraft Technicians, Ground Service Equipment Technicians and Tool Room Attendants dated July 27, 2005 to July 26, 2008 (as extended by the Interim Agreement) (the “**Maintenance Agreement**”); and the Agreement between Frontier Airlines, Inc. and Teamsters Airline Division for Material Specialists dated September 27, 2007 to September 26, 2011 (the “**Material Specialists Agreement**”).

The Agreement between Frontier Airlines and Teamsters Airline Division for Aircraft Appearance Agents (the “**Appearance Agents**”) and Maintenance Cleaners (the “**Maintenance Cleaners**”), dated September 16, 2005 to September 16, 2015 (the “**Appearance Agent Agreement**”) will be addressed through a separate document.

#### **I. Maintenance Agreement and Material Specialists Agreement**

The Company proposes the following modifications to both the Maintenance Agreement and the Material Specialists Agreement.

##### **A. C-Check Leave Program**

The parties acknowledge that the circumstances associated with staffing C-Check/heavy maintenance events are unique. These events include all routine and non-routine C-Check intervals, all structural inspections and all ‘bill of work’ items associated with any heavy maintenance event. Therefore, the parties agree to the following modification of the Collective Bargaining Agreement to provide the Company with the necessary flexibility and relief from the existing provisions of the Agreement and in order to allow the Company to place on leave and to recall from leave C-Check and other affected employees in recognition of the unique issues associated with staffing C-Check.

1. **Gap Periods.** C-Check “gap periods” are defined as any period of time, regardless of length, during which an aircraft is not available in Denver as projected by the most currently available AMES-generated schedule and/or where heavy maintenance related work is not required on an aircraft.
2. **System Re-Bid.** The parties agree to conduct an initial system re-bid to be completed no later than December 1, 2008 (the parties agree to follow

the semi-annual re-bid process set forth in Article 10, §11 unless the parties agree in writing to conduct a more frequent system re-bid).

- a. In the system re-bid, all system positions will be subject to bidding by seniority in accordance with the Collective Bargaining Agreement and General Maintenance Manual (“GMM”).
- b. The Company shall establish prior to the system re-bid the number of positions in shops not subject to C-Check gap period by November 24, 2008. When referred to herein, “shops” shall be defined as Battery/Component, Sheet Metal, Composite, Paint, Machine, Welding and Upholstery.
- c. After any system re-bid, a mechanic remaining in the C-Check bid area may not bump to Line Maintenance or shops during any gap period. However, if Line Maintenance or shops staffing falls below budgeted headcount and open vacancies are created in Line Maintenance or shops, any qualified mechanic may bid the position at that time.
- d. Except for the initial re-bid and each semi-annual bid thereafter, no mechanic is eligible to bump another mechanic in the shops listed above or any other shop area as a result of the occurrence of a gap period in C-Check.
- e. The Company agrees to provide by electronic mail/e-mail to each maintenance employee’s Frontier e-mail address a notice of the first and last day of gap periods covered by the C-Check Leave Program no earlier than forty-eight (48) hours prior to the particular gap period.
- f. During the initial re-bid, and any bid thereafter, no mechanic is eligible to bump into the machine shop, welding shop, composite shop or the upholstery lead position without the Company’s review and approval of the mechanics qualifications to ensure that the qualifications meet the standards set forth in the GMM (as the GMM is revised from time to time).

3. **C-Check Schedule.** The C-Check schedule, including all gap periods, shall be as established by the AMES Software generated by the Company. Employees who experience a loss of maintenance work, as a result of the occurrence of a gap period, will be eligible to participate in the C-Check Leave Program as well as be eligible for benefits as set forth in paragraph 5.

- a. Beginning January 2009, the Company agrees to provide the Union, no later than the 15th day of the preceding month, a list of employees who will not have work in C-Check for any gap period(s) during the following month and the dates on which the employees must return to work in C-Check after the conclusion of a gap period(s). The Company will provide the list of employees for the December 2008 gap period as soon as practicable following the System Re-Bid under subsection 2 above.
  - b. The Company further agrees to post this notice next to the main time clock, and will also make copies available to employees in break areas. This notice will include the date or dates on which the gap period(s) begin and end.
  - c. The parties agree that these beginning and ending dates may be modified as the result of any updates to the AMES schedule or due to unforeseen circumstances.
  - d. The Company will provide the Union with notice of any changes in the AMES schedule within 48 hours of the Company having any reasonable knowledge of any changes.
4. **Notice of Intent to Return.** All employees affected by any gap period and who are on C-Check leave, shall notify the Company via voicemail to a dedicated call-in line of their intent to return to work in C-Check. This call-in process must be completed no later than five days and no more than eight days prior to the end of a gap period. Failure of any employee to call-in shall result in the termination of the employee's employment with the Company. Further, any failure to return to work at the end of any gap period shall result in the immediate termination of employment.
  - a. The Company shall retain recordings of voicemail messages left by returning mechanics for at least 45 calendar days from the last day of the end of a gap period.
  - b. Prior to the fifth day before the end of a gap period, the Company agrees to meet with the Union to verify the mechanics who have contacted the Company to state their intent to return from leave. A C-Check supervisor together with a union representative shall attempt to call at least two times any employee on leave from whom the Company has not received a voicemail message to determine his intent to return from leave.
  - c. If an employee states his intent to return but is unable to return at the end of a gap period due to unforeseen circumstances (e.g., sick leave, FMLA leave, missed flight), the employee shall notify the

Company of his/her absence. If an employee fails to immediately notify the Company of such absence, the employee shall be subject to disciplinary procedures as set forth in the Agreement.

- d. During a C-Check event which shall be defined as “all non-routine C-Check intervals, all structural inspections and all ‘bill of work’ items associated with any heavy maintenance event”, Line Mechanics who are on a day off may volunteer to work shifts on C-Check at straight time, unless the Company has not exceeded 4% overtime, in which case the Company must first offer the work as overtime to C-Check employees.

- 5. **C-Check Leave Benefits.** Mechanics placed on the C-Check Leave Program are not subject to the furlough and recall provisions of Article 9 or any related provisions of the Agreement. Mechanics who elect to participate in the C-Check Leave Program will be placed on a Leave of Absence with the following benefits:

- a. Employees currently enrolled in the Company Medical Plan will retain their current medical benefits. Employees must continue to pay the employee contribution of the medical plan while on leave. Failure to do so could lead to discontinuation of their medical benefits. Medical Plan is defined as medical, dental, vision, life and health care flexible spending account coverage.
- b. Employees will continue to accrue seniority while on the C-Check Leave Program.
- c. Employees will retain accrued vacation and sick leave while on the C-Check Leave Program.
- d. Employees will not accrue vacation or sick leave while on the C-Check Leave Program.
- e. Employees have the option to use accrued vacation and perfect attendance day awards for pay purposes while on the C-Check Leave Program; however, employees may not use accrued sick leave even if the employee began sick leave before the beginning of any gap period.
- f. Employees will continue to retain space available pass privileges on the Company route system in accordance with the Company Pass policy.
- g. Employees will not have jump seat privileges while on the C-Check Leave Program.

- h. Employees on the C-Check Leave Program shall be considered job-attached.
- i. Employees returning to the Maintenance Department from the C-Check Leave Program shall receive an additional buddy pass for every 30 days on the C-Check Leave Program (30 days accumulative).
- j. The parties shall treat hangar/C-Check as a hybrid bid area so as to enable the Company, in its discretion, to utilize C-Check employees to perform available work in line maintenance during any gap period.
- k. The parties further agree not to schedule overtime shifts in advance of a gap period in Denver if any maintenance employees are on C-Check leave.
- l. The Company may, in its discretion, in-source special projects which can be performed in Denver during gap periods provided that facilities, tooling/equipment are available. For the avoidance of doubt, the Company shall not be required to in-source any such projects.

## **B. Supplementation of C-Check Staffing**

The parties agree to establish additional protocols in an effort to address the possibility that, despite the initiatives listed above and the IBT's representations during the 1113 proceedings, employees placed on the C-Check Leave Program may not return to work at the conclusion of gap periods. The purpose of these protocols, which involve supplementation of C-Check staffing by hiring outside workers, is to provide the Company with a timely and cost-effective ability to continue to perform C-Check in-house using IBT-represented employees – which the Company is willing to do as long as the necessary number of C-Check employees remain employed by Frontier. If, despite the initiatives listed above and notwithstanding the implementation of these supplementation protocols, should a number of IBT-represented mechanics leave the Company, there will be relatively few IBT-represented jobs to preserve, and the Company will have the right, under the circumstances set forth below, to permanently outsource C-Check.

The protocols to supplement C-Check staffing involve the use of "Casual Workers" and "Contract Maintenance Workers" as defined herein. The Company agrees to establish a pool of Casual Workers and to first draw from this pool to supplement C-Check staffing if sufficient IBT-represented employees do not return to work after a gap period ends. The Company will also establish a relationship with a company that provides Contract Maintenance Workers, and agrees, subject to the limitations set forth below, to draw on these workers in the event that a sufficient number of Casual Workers are not available to fill a shortfall.

1. **Casual Worker Pool.** The parties agree to establish a pool of Casual Workers to supplement the C-Check staffing levels in Section C of this Agreement. The Company will work with the Union to fill and maintain a pool of 15 Casual Workers. The Company will determine, in its discretion and subject to the qualifications set forth herein, which Casual Workers to include in the pool. Casual Workers, as defined below, will be placed on an “on call” list, pre-trained, qualified and cleared to work when C-Check work is available due to a shortage of Company employees.
  - a. Casual Worker is an individual who is “at-will” and is not on the Company seniority list, and who is not serving a probationary period.
  - b. Casual Workers will be paid only for the period of available work.
  - c. Casual Workers are not covered by or subject to the Collective Bargaining Agreement, except as established herein.
  - d. Casual Worker will only perform C-Check-related work; i.e., the Company may not use Casual Workers for Line Maintenance-related work (either line or shops.) Vacancies in Line Maintenance or other positions not subject to C-Check leave (including out stations) due to the C-Check schedule will be filled in accordance with Article 13 and 9.
  - e. The Company will establish casual work schedules as soon as practicable in advance of a C-Check event. The Company and Union will meet as needed to adjust any changes in the schedules.
  - f. All Casual Workers must possess his/her own hand tools of sufficient quantity and type to permit them to perform work on an Airbus aircraft. Special tooling to perform Airbus maintenance will be provided by the Company. The Company agrees to provide required policies and procedures to all Casual Workers.
  - g. The Company assumes the responsibility for performing all appropriate background checks including FAA/DOT mandated drug and alcohol screening.
  - h. Casual Workers are not eligible to participate in the Company health insurance program or otherwise participate in any other benefits offered by the Company to regular full time or part time employees.
  - i. The Company agrees to compensate Casual Workers at the starting wage rate established by the parties for mechanics as set forth in this

Agreement. Further, Casual Workers are not eligible for any step increases called for in this Agreement.

**Qualifications.** To be eligible for the Casual Worker pool, an individual must meet the following minimum qualifications:

- a. Possess a current Airframe and Power plant (A&P) mechanics license.
- b. Successful completion of the Airbus Systems Training and documentation evidencing such completion. The Casual Worker is responsible for obtaining and paying for this training.

**Consideration for Employment.** For any permanent openings/vacancies created by attrition of C-Check employees following recall of employees from leave (e.g., attrition among C-Check), the Company shall, consistent with its current hiring standards for IBT-employees, offer these available position(s) to Casual Workers. Any Casual Workers hired by the Company in permanent positions shall be subject to all terms of the Collective Bargaining Agreement as new-hire employees and their seniority date as a regular employee will be established as of that date of hire.

- a. Casual Workers hired by the Company in permanent positions shall be subject to all terms of the Collective Bargaining Agreement as new-hire employees and their seniority date as a regular employee will be established as of that date of hire.

**Maintaining the Pool.** Because it is expected that Casual Workers, when on-call and not working for the Company, are likely to seek employment elsewhere, the Company will ***attempt*** to periodically replenish the pool by taking the following steps:

- a. During the first week of each calendar quarter, the Company will attempt to contact (via phone) the 15 workers currently in the pool for the purpose of ascertaining whether the Casual Workers wish to remain in the pool.
- b. If any of the Casual Workers no longer wishes to remain in the pool, or if the Company is unable to contact any of them, the Company will:
  - (1) post notice of the vacancy on the Company's intranet site;
  - (2) post an advertisement on [www.careerbuilder.com](http://www.careerbuilder.com), where the Company posts other available job positions and;

(3) send an email message to all Company IBT-represented employees and Casual Workers informing them that vacancies exist in the Casual Worker pool and asking them to recommend additional qualified casual workers.

c. Other than these steps, the Company shall have no obligation to replenish or maintain the pool of Casual Workers, even if these steps do not result in the replenishment of the pool to any specific level.

**Exhausting the Pool.** If all 15 Casual Workers are utilized and/or unavailable for any reason, and there is still a need for additional labor to fill a shortfall of IBT mechanics who have not returned to work after a gap period, the Company will have no further obligations with respect to finding additional Casual Workers, and the Company will attempt to fill the remaining shortfall with Contract Maintenance Workers, as detailed below.

2. **Contract Maintenance Workers.** If all 15 Casual Workers are utilized and/or unavailable for any reason, and there is still a need for additional workers after a gap period ends, the Company will attempt to fill a shortfall in C-Check maintenance with Contract Maintenance Workers. A Contract Maintenance Worker is a qualified individual obtained by the Company from a third- party firm to provide maintenance services in C-Check on a temporary basis.

a. Contract Maintenance Workers shall have no rights under the parties' Collective Bargaining Agreement and will not be an employee of the Company.

b. Contract Maintenance Workers shall be required to possess the same minimum qualifications as Casual Workers, as set forth above.

c. Contract Maintenance Workers will work only in the Company's C-Check operation.

d. Contract Maintenance Workers shall be scheduled to work in shifts that conform to Article 10, Hours of Service.

e. Contract Maintenance Workers are not eligible to work planned/scheduled overtime unless all the overtime has first been offered to the Company's maintenance employees (including Casual Workers.)

- f. Contract Maintenance Workers will wear either uniform or insignia that designate them as contract workers.
- g. Openings in maintenance by attrition will be filled first in accordance with Article 13 and 9.
- h. The Company has received quotes for all-in hourly rates from STS Aviation of \$31.25 (\$34.40 for structures qualified); Smart Aviation of \$35.00; and Plane Techs of \$35.00. All of these quotes include travel costs, per diem and any other expenses. Accordingly, the Company shall be required to use Contract Maintenance Workers only if qualified workers can be found for an all-in rate of \$40 per hour (including travel costs, per diem and any other expenses) or less. If the Company is unable to find a third-party firm that will supply Contract Maintenance Workers for \$40 per hour or less, the obligation to use Contract Maintenance Workers shall end.

3. **Limit of Casual and Contract Maintenance Workers.** The parties recognize that the Company has substantial and legitimate concerns with respect to the number of outside workers it is required to retain to fill shortfalls among IBT mechanics. In theory, the number of available Contract Maintenance Workers is unlimited; all IBT mechanics could leave Frontier and be replaced with Contract Maintenance Workers. At the same time, inasmuch as the IBT has indicated that the vast majority of its existing members will return after gap periods and the purpose of this Agreement is to preserve mechanics' jobs, that purpose is no longer served if IBT mechanics have resigned and the Company is artificially filling the shortfall with outside workers. Accordingly, the parties specifically agree that if at any time during the term of this Agreement the combined use of Casual and/or Contract Maintenance Workers is equal to or greater than 25 individuals (exclusive of those used to reach the staffing level of 129), the Company may permanently subcontract heavy maintenance events going forward as set forth in Section D, below.

## **C. Contingency Planning**

The parties recognize that the Company must plan for the possibility that the above three measures – (1) providing a C-Check Leave Program to allow Frontier employees to return to work in C-Check at the end of any gap period; (2) establishing a pool of Casual Workers to supplement staffing in the event sufficient numbers of IBT mechanics fail to return; and (3) providing for the use of Contract Maintenance Workers to further supplement staffing shortages – may not resolve the C-Check issue if large numbers of IBT mechanics nonetheless fail to return to work. Accordingly, the parties have established a “points system” to objectively determine whether the agreed-upon measures are working effectively, and to determine the tipping point after which the Company can fairly be said to have exhausted cost-effective attempts to preserve IBT mechanic jobs and at which time it is within the Company’s discretion to outsource events C-Check (heavy maintenance events as defined in Section D.4 herein)(as set forth in Section D, below).

### **1. Timing of C-Check Completion**

The parties recognize the Company’s need to establish a C-Check schedule that maintains a set number of days in which a specified C-Check event must be completed. The parties agree subject to the exceptions detailed below, the specified number of days in which a C-Check must be completed are as follows:

C-1: 5  
C-2: 6  
C-3: 7  
C4-S/1: 22  
C-5: 5  
C-6: 6  
C-7: 7  
C8/S2: 22

Should the C-Check not be completed in the specified time, absent any extensions, the parties agree that such events shall accrue points as follows:

#### C-Check Completion Time Period:

0 to .5 day over schedule – 0 points

.51 day to 1 day – 1 point

More than 1 day – 2 points

The parties agree that the set number of days in which C-Checks must be completed may be extended for any of the following reasons:

- Non-availability or a shortage of parts, including as a result of the robbing of parts from an aircraft in C-check.
- Unforeseen/additional non-routine work, including engineering orders and engineering authorizations
- Weather/Acts of God
- An operational decision by the Company that delays completion of the C-check event
- Accidental damage to aircraft

The parties agree to discuss and attempt to resolve any delay in the above schedule. However, the decision as to whether the C-Check event may be extended and for what length of time, or whether a delay is excused, is within the Company's discretion, subject to the dispute resolution procedure that is available to the IBT, as set forth in subsection 5 below.

## 2. C-Check Staffing Levels

Since the Company filed for Chapter 11 reorganization on April 10, 2008, there has been steady attrition among maintenance workers. The attrition rate has resulted in a current C-Check workforce as of October 28, 2008 of 115 maintenance workers (see chart below), and the Company has not hired additional employees to replace those who have left given the pendency of this 1113 proceeding.

Department	Budgeted	Actual	Difference
Mechanics	81	74	7
Quality Control	7	5	2
Production Control	3	3	0
Tool Room Attendants	7	7	0
Cleaners	6	5	1
Material Specialists	2	2	0
Shops	23	19	4
<b>Total</b>	<b>129</b>	<b>115</b>	

While the Company agrees to supplement C-Check staffing through the use of the Casual Worker and Contract Maintenance Worker pools in Section B above, the parties further agree that there is a minimum staffing level of Company employees required to timely, efficiently and safely complete all C-Checks events. In addition, inasmuch as the purpose of this Agreement is to preserve IBT mechanics' jobs, it is appropriate to establish a tipping point after which the number of IBT mechanic resignations gives rise to the Company's ability to permanently outsource. Therefore, the parties agree to establish staffing minimums of Company maintenance employees, exclusive of Casual Workers or Contract Maintenance Workers for C-Check personnel, and, if those staffing minimums are not met, points will be assessed according to the schedule below. Since there are currently 115 IBT-represented C-Check employees at the

Company, 115 employees will be used as the baseline for calculating the assessment of points. Even though the Company intends to retain 14 additional workers so that 129 individuals are available to perform C-Checks, those 14 additional workers will not count towards these point assessments. The schedule for point assessments with respect to staffing is as follows:

115 - 110 Fully Staffed – 0 points

109 - 102 Low staffing – 1 point

101 - 91 Critical staffing – 2 points

If the Company is unable to staff C-Check with a minimum of 91 IBT mechanics, the 25 individual limit for Casual/Contract Maintenance Workers will have been reached and the Company may permanently subcontract heavy maintenance events going forward, as described below.

The Company agrees to a baseline staffing level of 129 mechanics assigned to work in C-Check by December 1, 2008. The Company will attempt to hire up to a staffing level of 129 mechanics by December 1, 2008. To the extent the Company is unable to hire up to the 129 employee level by December 1, 2008, the Company may utilize Casual Workers and/or Contract Maintenance Workers to reach the baseline 129 worker staffing level. However, the use of Casual Workers and/or Contract Maintenance Workers initially assigned to C-Check to meet this baseline staffing level will not be included in the determination as to whether outsourcing will be permitted as set forth in the following paragraph.

As noted above, 115 Company employees will be used as the baseline for calculating the assessment of points. If at any time during the term of this Agreement, the use of Casual Workers and/or Contract Maintenance Workers – other than those who may have been used to meet the staffing level of 129 by December 1, 2008 as set forth above – is equal to or greater than 25 individuals (exclusive of those used to reach the staffing level of 129, i.e., if only 90 or fewer IBT mechanics remain), the Company may permanently subcontract heavy maintenance events going forward as set forth in Section D (the Company's proposed amendments to Article 2 of the Collective Bargaining Agreement, "Scope of Agreement"), without the need to accumulate a particular number of points.

The Company will not use Casual Workers or Contract Maintenance Workers as a substitute for hiring for attrition. The Company also agrees it will continue to seek to hire permanent workers to fill vacancies in C-check up to the 129 worker staffing level by taking the following steps when positions become available:

- (1) post notice of the vacancy on the Company's intranet site;
- (2) post an advertisement on [www.careerbuilder.com](http://www.careerbuilder.com), where the Company posts other available job positions and;
- (3) send an email message to all Company IBT-represented employees and Casual

Workers informing them that vacancies exist and asking them to recommend additional qualified mechanics.

Other than these steps, the Company shall have no obligation to attempt to recruit to fill vacancies, even if these steps do not result in the attainment of any specific level of staffing.

### **3. Overtime**

The Company agrees to use up to 3% overtime in order to complete a scheduled C-Check in the specified time. Use of overtime in excess of 4% per C-Check event shall result in one (1) point for any single C-Check event. The amount of overtime which is allowed or will not lead to point assessment may be extended for any of the following reasons:

- Unforeseen/additional non-routine work, including engineering orders and engineering authorizations
- An operational decision by the Company that increases the amount of overtime assigned on a C-Check

### **4. Points**

Accumulation of points for completion time, staffing levels, or overtime in any rolling 6-month or 12-month period shall result in the application of Section D as follows:

0-6 months            5 points

0-12 months            8 points

#### **Example:**

#### **Plane in C Check**

	Result	Points
Days Over Schedule	1 day	1
Frontier Staffing	98	2
Overtime	< 4%	0
Total		3

### **5. Dispute Resolution**

Any dispute regarding the triggering of Section D, or the exercise of the Company's discretion regarding the awarding of points or hiring decisions arising out of these amendments to the Maintenance Agreement and the Material Specialists Agreement shall be resolved pursuant to the minor dispute resolution provision of the Railway Labor Act as currently set forth in these agreements. To prevail upon any grievance of the Company's discretion with respect to

either the Company's determination that the Union has accumulated a point or any of the Company's hiring decisions, as set forth in the amendments above, the grievant must show that the Company exercised its discretion unreasonably.

**D. Article 2: Scope of Agreement**

1. No proposed modifications to Sections 1 and 2.
2. The first paragraph of Section 3 shall be deleted in its entirety and replaced with the following:

“The parties agree that the Company may subcontract work as follows:”

3. No proposed modifications to subparagraphs a, b, c and d of Section 3.
4. Sub-paragraph “e” shall be added to Section 3, which shall state as follows:

“The Company may, in its sole discretion, permanently subcontract all or part of its heavy maintenance events which shall include all routine and non-routine C-check intervals, all structural inspections and all ‘bill of work’ items associated with any heavy maintenance event.” This provision is not intended to apply to Line Maintenance.

5. The last two unlettered paragraphs of Section 3 shall be deleted in their entirety and replaced with the following:

“If the Company has the need for contracting out any additional work not already provided for by sub-paragraphs a, b, c, d and e above, the Company will notify the Union in writing as soon as possible. The written notice shall contain a brief explanation for the reason the work needs to be subcontracted out to a third party.

If the Union believes the Company has violated this section 3 of Article 2, it shall notify the Company of its belief no later than five (5) business days after learning of the Company's alleged violation. The Union shall state in writing, and with specificity, the factual allegations setting forth any alleged violation of this section. The Company and the Union shall proceed to resolve the issue through the provisions of Articles 16 and 17 of this Agreement, up to and including final and binding arbitration. This limitation period is jurisdictional and may not be extended absent a written agreement between the parties specifically extending the limitation period.”

**E. Article 25: Wage Rates**

1. The wage rates published in Section 1 shall be permanently reduced by 10%. In addition, the following benefit reductions will apply:

- a. No personal holiday for each year

- b. Maintenance employees to select four holidays per year to give up (holiday not to be in a gap period)
- c. Reduce accrual of vacation by 42 hours annually

2. Employees at final step of wage scale as of November 22, 2008 shall receive a 1% annual cost of living adjustment on their anniversary date.
3. All “License Premium Rates” and all “Position Premium Rates” published in Section 2 shall be permanently reduced by 10%. The “Shift and Line Premium Rates” shall remain unchanged.
4. These concessions are equivalent to a 13.95% wage reduction.
5. If, at any point during the term of this Agreement, the provisions of Section I(D) are applied by the Company (subcontracting of heavy maintenance events) the wage rates set forth herein revert to a 10% reduction in total wages or equivalent.

#### **F. Limited Waiver of Section 1113**

The Company agrees that during its currently pending chapter 11 cases, it will not seek further relief under section 1113 of the Bankruptcy Code with respect to the Maintenance Agreement and the Material Specialists Agreement unless the Company’s financial performance or liquidity materially deteriorate as compared to the amounts forecasted for same in the Seabury Group Business Plan for Frontier Airlines Version 4.2, published August 4, 2008, a static copy of which was designated as Exhibit IBT-S-1 during this 1113 proceeding.

#### **G. Term of Agreements**

1. The Company proposes that the above modifications to the Maintenance Agreement and to the Material Specialists Agreement shall replace and supersede all other existing Collective Bargaining Agreements and the Interim Agreement.
2. The Company further proposes that these modifications, and all other existing terms of the Maintenance and Material Specialists Agreements shall be in effect from October 31, 2008 up to and including October 31, 2011, at which time they shall become amendable pursuant to the Railway Labor Act.

#### **II. Profit Sharing Plan**

Frontier will seek subsequent court approval for a post-emergence profit sharing plan that would include eligible IBT members and that would be applicable so long as Frontier emerges from chapter 11 as a stand-alone entity. Such plan would have the following or substantially similar terms:

1. Participation for all eligible employees in a Profit Sharing Pool of 10% of Pre-Tax Earnings (ex special items) on Pre-Tax Earnings up to \$10MM, and 15% on the

portion of Pre-Tax Earnings above \$10MM earned during each fiscal year through FY 2012.

2. Distributions would be accomplished no later than the end of each July for the previous fiscal year's Profit Sharing Pool.
3. To be eligible to take part in the Profit Sharing Pool for a given fiscal year, an employee:
  - a. must be employed by the Company on the last day of the fiscal year for which the profit sharing applies, and
  - b. must have been employed by the Company for at least one full year of service as of the last day of the fiscal year for which the profit sharing applies.
4. Duration to the end of the calendar year 2012.

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