

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re: :
:
:
: **Chapter 11 Case No.**
:
FRONTIER AIRLINES :
HOLDINGS, INC., et al., : **08-11298 (RDD)**
:
: **(Jointly Administered)**
Debtors.¹ :
:
:
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**DEBTORS' JOINT PLAN OF REORGANIZATION UNDER
CHAPTER 11 OF THE BANKRUPTCY CODE**

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¹ The Debtors are the following entities: Frontier Airlines Holdings, Inc.; Frontier Airlines, Inc.; and Lynx Aviation, Inc.

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INTRODUCTION

Pursuant to section 1121(a) of the Bankruptcy Code,² the Debtors in the above-captioned jointly administered Chapter 11 Cases respectfully propose this Plan. The Debtors are the proponents of this Plan under section 1129 of the Bankruptcy Code.

A complete list of the Debtors is set forth below. The list identifies each Debtor by its jurisdiction of organization and case number in these Chapter 11 Cases.

<u>Debtor</u>	<u>Jurisdiction</u>	<u>Case Number</u>
Frontier Airlines, Inc.	Colorado	08-11297
Frontier Airlines Holdings, Inc.	Delaware	08-11298
Lynx Aviation, Inc.	Colorado	08-11299

This Plan contemplates the reorganization of the Debtors and the resolution of all outstanding Claims against and Interests in the Debtors.

Contemporaneously with the Debtors' filing of the Motion for Entry of Order (i) Approving Disclosure Statement; (ii) Approving Solicitation and Notice Materials; (iii) Approving Forms of Ballots; (iv) Establishing Solicitation and Voting Procedures; (v) Allowing and Estimating Certain Claims for Voting Purposes; (vi) Scheduling a Confirmation Hearing and (vii) Establishing Notice and Objection Procedures, the Debtors have also filed the Investment Agreement Motion, which seeks Bankruptcy Court approval of the Investment Agreement, subject to the Debtors' receiving any higher or otherwise better bids, and related auction procedures. If the Bankruptcy Court approves the Investment Agreement, then, subject to the terms and conditions thereof and so long as the Debtors do not receive any higher or otherwise better bids, Republic, as the Plan Sponsor under the Investment Agreement, will purchase the New Common Stock for the Share Purchase Price, and Reorganized Frontier Holdings will become a wholly-owned subsidiary of Republic.

At the conclusion of the auction period, as set forth in the Investment Agreement Motion, should the Debtors identify an Entity other than Republic as the proposed Plan Sponsor, the Debtors will file a Plan Supplement identifying such other Entity and seek Bankruptcy Court approval of the proposed Investment Agreement among the Debtors and such other Entity. If the Bankruptcy Court approves such Investment Agreement, the Debtors will modify this Plan in accordance with such Investment Agreement and any applicable sections of the Bankruptcy Code. Thereafter, if the Debtors effectuate this Plan with the non-Republic Plan Sponsor and in

² Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in Section 1.1 of this Plan.

certain other circumstances, in each case subject to the terms and conditions of the Investment Agreement with Republic, the Debtors shall pay Republic a termination fee of \$3,500,000 and reimburse certain of Republic's expenses, up to \$350,000.

Subject to the provisions of this Plan, each Allowed General Unsecured Claim against any of the Debtors will, as a general matter, be satisfied through a pro rata Cash distribution from the Class 3 Allocation. Holders of Old Stock or of rights or Claims arising in connection therewith will receive no distribution on account of these Interests or Claims, and the Old Stock will be cancelled. Administrative Claims, Priority Tax Claims, Other Priority Claims and Secured Claims, in each case to the extent Allowed, will be Unimpaired under this Plan.

This Plan is premised upon the limited consolidation of the Estates of the Debtors with one another, such consolidation to be effected solely for purposes of actions associated with the Confirmation of this Plan and the occurrence of the Effective Date, including voting, Confirmation and distributions.

If any Impaired Class of Claims against the Debtors entitled to vote on this Plan shall not accept this Plan by the requisite statutory majority required by section 1126(c) of the Bankruptcy Code, then the Debtors may take any of the actions specified in Section 5.5 of this Plan, including proceeding to confirm the Plan under section 1129(b) of the Bankruptcy Code.

Pursuant to section 1125(b) of the Bankruptcy Code, votes to accept or reject a plan of reorganization cannot be solicited from holders of Claims or Interests entitled to vote on a plan of reorganization until a disclosure statement has been approved by a bankruptcy court and distributed to such holders. On July 22, 2009, the Bankruptcy Court entered the Approval Order, which, among other things, approved the Disclosure Statement, established voting procedures and scheduled the Confirmation Hearing. The Disclosure Statement contains, among other things, a discussion of the Debtors' history, businesses, properties and operations, projections for those operations, risk factors associated with the Debtors' businesses and this Plan, and a summary and analysis of this Plan and certain related matters.

ARTICLE 1

DEFINITIONS AND RULES OF INTERPRETATION

Section 1.1. Definitions

Unless the context requires otherwise, the following terms used in this Plan shall have the following meanings:

1. **"Administrative Claim"** means a Claim for payment of an administrative expense of a kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to section 507(a)(2) of the Bankruptcy Code, including, but not limited to DIP Facility Claims, Other Administrative Claims and Professional Fee Claims.

2. “**Affiliate**” has the meaning set forth in section 101(2) of the Bankruptcy Code.
3. “**Allowed**” means all or that portion, as applicable, of any Claim against any Debtor (i) that has been listed by the Debtors in the Schedules, as such Schedules may be amended by the Debtors from time to time, as liquidated in amount and not disputed or contingent, and for which no contrary or superseding Proof of Claim has been filed, (ii) that has been expressly allowed by Final Order or under this Plan, (iii) that has been compromised, settled or otherwise resolved pursuant to the Claims Settlement Procedures Order, another Final Order of the Bankruptcy Court or Section 9.2 of this Plan, (iv) that the Debtors do not timely object to in accordance with Section 9.1 of this Plan or (v) that is an Old Note Claim in the amount listed on Schedule 1 hereto; *provided, however*, that Claims allowed solely for the purpose of voting to accept or reject this Plan shall not be considered “Allowed Claims” for any other purpose under this Plan or otherwise, except if and to the extent otherwise determined to be Allowed as provided herein. Unless otherwise specified under this Plan, under the Bankruptcy Code or by order of the Bankruptcy Court, Allowed Claims shall not, for any purpose under this Plan, include any interest, costs, fees or charges on such Claim from and after the Petition Date. In no event shall the First Data Claim be Allowed; such Claim, in accordance with the terms of the First Data Letter Agreement and the First Data Order, shall not be entitled to any distribution under this Plan and such Claim shall be discharged pursuant to Article 12 of this Plan.
4. “**Approval Order**” means the Order (i) Approving Disclosure Statement; (ii) Approving Solicitation and Notice Materials; (iii) Approving Forms of Ballots; (iv) Establishing Solicitation and Voting Procedures; (v) Allowing and Estimating Certain Claims for Voting Purposes; (vi) Scheduling a Confirmation Hearing and (vii) Establishing Notice and Objection Procedures, entered by the Bankruptcy Court on July 22, 2009 [ECF No. ___].
5. “**Assumption Effective Date**” means the date upon which the assumption of an executory contract or unexpired lease under this Plan is deemed effective, which in no case shall be later than the Effective Date unless otherwise agreed by the relevant Assumption Party.
6. “**Assumption Party**” means a counterparty to an executory contract or unexpired lease to be assumed and/or assigned by the Debtors under this Plan.
7. “**Ballot**” means the voting form distributed to each holder of an Impaired Claim entitled to vote, on which the holder is to indicate acceptance or rejection of this Plan in accordance with the Voting Instructions and make any other elections or representations required pursuant to this Plan or the Approval Order.
8. “**Bankruptcy Code**” means title 11 of the United States Code, as now in effect or as hereafter amended, to the extent applicable to the Chapter 11 Cases.

9. **“Bankruptcy Court”** means the United States Bankruptcy Court for the Southern District of New York with jurisdiction over these Chapter 11 Cases.
10. **“Bankruptcy Rules”** means the Federal Rules of Bankruptcy Procedure and the local rules of the Bankruptcy Court, each as now in effect or as hereafter amended, to the extent applicable to the Chapter 11 Cases.
11. **“Bar Date Order”** means the Order Establishing Deadline for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof, entered by the Bankruptcy Court on September 24, 2008 [ECF No. 532].
12. **“Beneficial Ballots”** means the ballots upon which Beneficial Holders shall indicate to Nominees their acceptance or rejection of this Plan in accordance with the Voting Instructions.
13. **“Beneficial Holder”** or **“Beneficial Ownership”** means, with respect to any security, having “beneficial ownership” of such security (as determined pursuant to Rule 13d-3 of the Exchange Act).
14. **“Board”** means, as of any date, the then-existing board of directors of Frontier Holdings, including any duly-formed committee thereof.
15. **“Business Day”** means any day other than a Saturday, a Sunday, a “legal holiday” (as defined in Bankruptcy Rule 9006(a)), or any other day on which banking institutions in New York, New York or Denver, Colorado are required or authorized to close by law or executive order.
16. **“Case Management Order”** means, prior to the Effective Date, the Order Establishing Notice, Case Management and Administrative Procedures, entered by the Bankruptcy Court on May 2, 2008 [ECF No. 191], and, on and after the Effective Date, such order as modified by Section 16.15 of this Plan.
17. **“Cash”** means legal tender of the United States of America or equivalents thereof, including, without limitation, payment in such tender by check, wire transfer or any other customary payment method.
18. **“Cause of Action”** means, without limitation, any and all actions, proceedings, causes of action, controversies, liabilities, obligations, rights, rights of setoff, recoupment rights, suits, damages, judgments, accounts, defenses, offsets, powers, privileges, licenses, franchises, Claims, counterclaims, cross-claims, affirmative defenses and demands of any kind or character whatsoever, whether known or unknown, asserted or unasserted, reduced to judgment or otherwise, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly or derivatively, existing or hereafter arising, in contract or in tort, in law, in equity or otherwise, based in whole or in part upon any act or omission or other event occurring

prior to the Petition Date or during the course of the Chapter 11 Cases, including through the Effective Date.

19. “**Chapter 11 Cases**” means the cases under chapter 11 of the Bankruptcy Code commenced by the Debtors on the Petition Date, with case numbers as set forth in the Introduction to this Plan, that are jointly administered in the case styled *In re Frontier Airlines Holdings, Inc., et al.*, Case No. 08-11298 (RDD).
20. “**Claim**” has the meaning set forth in section 101(5) of the Bankruptcy Code.
21. “**Claims Agent**” means Epiq Bankruptcy Solutions, LLC, which is located at 757 Third Avenue, New York, NY 10017 and was retained as the Debtors’ claims agent in the Chapter 11 Cases.
22. “**Claims Objection Deadline**” means 11:59 p.m. (prevailing Eastern Time) on the 180th calendar day after the Effective Date, subject to further extensions and/or exceptions as may be ordered by the Bankruptcy Court.
23. “**Claims Objection Procedures Order**” means the Order Establishing Procedures for Claims Objections, entered by the Bankruptcy Court on January 5, 2009 [ECF No. 710].
24. “**Claims Settlement Procedures Order**” means the Order Authorizing and Approving Procedures for Compromise and Settlement of Certain Claims, Litigations and Causes of Action, entered by the Bankruptcy Court on June 23, 2008 [ECF No. 374].
25. “**Class**” means any group of Claims or Interests classified by this Plan pursuant to section 1122(a) of the Bankruptcy Code.
26. “**Class 3 Allocation**” means \$28,750,000, or such higher amount, if any, that results from the auction process, which is that portion of the Share Purchase Price allocated for distribution to the holders of Allowed General Unsecured Claims in accordance with this Plan and on the terms and conditions set forth in the Investment Agreement. For the avoidance of doubt, for each incremental dollar of Share Purchase Price in excess of \$108,750,000, the Class 3 Allocation shall be increased by one dollar until such incremental dollars exceed \$20,000,000. For any incremental amounts over \$20,000,000, the bids must specify the allocation between the Debtors and the Class 3 Allocation.
27. “**Collateral**” means any property or interest in property of the Debtors subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance and is not otherwise invalid under the Bankruptcy Code or other applicable law.
28. “**Collective Bargaining Agreements**” means (i) the agreement, effective July 27, 2005 until October 31, 2011, between Frontier and the IBT representing Aircraft Technicians, Ground Service Equipment Technicians and Tool Room Attendants (the “**IBT Maintenance Agreement**”), (ii) the agreement, effective September 27, 2007 until September 26, 2011, between Frontier and the IBT for Material Specialists (the “**IBT**

Material Specialist Agreement”), (iii) the agreement, effective September 16, 2005 until September 16, 2015, between Frontier and the IBT representing the Aircraft Appearance Agents and Maintenance Cleaners (the “**IBT Appearance Agent Agreement**”), (iv) the agreement, effective September 15, 2007 until September 15, 2012, between Frontier and the Aircraft Dispatchers in the Service of Frontier Airlines, Inc. as Represented by the TWU (the “**TWU Agreement**”), (v) the agreement, effective March 2, 2007 until March 2, 2012, between Frontier and the Airline Pilots in the Service of Frontier as represented by FAPA (the “**FAPA Agreement**”), (vi) the Frontier Airlines, Inc. Pilots’ Retirement Plan and (vii) the Western Conference of Teamsters Pension Plan, in each case (i) to (vii), as amended, deemed amended, extended or otherwise modified from time to time, including by order of the Bankruptcy Court pursuant to section 1113 of the Bankruptcy Code or otherwise, and in effect as of the Effective Date.

29. “**Compensation Program**” means any post-emergence employee, officer and/or director compensation programs.
30. “**Confirmation**” means confirmation of this Plan pursuant to section 1129 of the Bankruptcy Code.
31. “**Confirmation Date**” means the date on which the Confirmation Order is entered by the Bankruptcy Court on its docket.
32. “**Confirmation Hearing**” means the hearing to be held by the Bankruptcy Court to consider confirmation of this Plan pursuant to sections 1128 and 1129 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.
33. “**Confirmation Order**” means the order of the Bankruptcy Court to be entered pursuant to section 1129 of the Bankruptcy Code confirming this Plan.
34. “**Contingent Claim**” means any Claim, the liability for which attaches or is dependent upon the occurrence or happening of, or is triggered by, an event that has not yet occurred as of the date on which such Claim is sought to be estimated or on which an objection to such Claim is filed, whether or not such event is within the actual or presumed contemplation of the holder of such Claim and whether or not a relationship between the holder of such Claim and the applicable Debtor now or hereafter exists or previously existed.
35. “**Creditor**” means any holder of a Claim.
36. “**Creditors’ Committee**” means the statutory committee of unsecured creditors appointed in the Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code.
37. “**Cure**” means a distribution made in the ordinary course of business following the Effective Date pursuant to an executory contract or unexpired lease assumed under section 365 or 1123 of the Bankruptcy Code (i) in an amount equal to the Proposed Cure

(including if such Proposed Cure is zero dollars) or (ii) if a Treatment Objection is filed with respect to the applicable Proposed Cure, then in an amount equal to the unpaid monetary obligations owing by the Debtors and required to be paid pursuant to section 365(b) of the Bankruptcy Code, as may be (x) determined by Final Order or (y) otherwise agreed upon by the parties.

38. **“Customer Programs”** means the Debtors’ customer programs and practices, including, without limitation, advance ticket sales, charter sales programs, advance purchase membership programs, travel credit programs, barter arrangements, corporate incentive programs, cargo programs, and frequent flyer programs as to which the Debtors were authorized to honor pre-petition obligations and to otherwise continue in the ordinary course of business by the Order Authorizing Debtors to (i) Honor Prepetition Obligations to Customers and to Otherwise Continue Customer Programs and Practices in the Ordinary Course of Business and (ii) Authorize Financial Institutions to Honor and Process Related Checks and Transfers, entered by the Bankruptcy Court on April 14, 2008 [ECF No. 54].
39. **“Debtors”** means each of Frontier Holdings, Frontier and Lynx. To the extent the context requires any reference to the Debtors after the Effective Date, Debtors shall mean the Reorganized Debtors.
40. **“DIP Agent”** means Wells Fargo Bank Northwest, National Association, in its capacity as administrative agent under the DIP Facility.
41. **“DIP Facility”** means that certain Amended and Restated Secured Super-Priority Debtor in Possession Credit Agreement, dated as of April 1, 2009, among the Debtors as borrowers, the lenders signatory thereto from time to time and the DIP Agent, as approved by the Bankruptcy Court pursuant to the DIP Order, as the same may be further amended, restated, modified or extended.
42. **“DIP Facility Claim”** means a Claim against a Debtor arising pursuant to the DIP Facility and/or the DIP Order.
43. **“DIP Lender”** means any lender under the DIP Facility as of or after the Effective Date.
44. **“DIP Order”** means the Order (i) Authorizing Debtors to Enter Into and Perform Under an Amended and Restated Post-Petition Financing Agreement and (ii) Approving the Settlement of Certain Unsecured Claims of Republic Airlines, Inc., entered by the Bankruptcy Court on March 20, 2009 [ECF No. 802].
45. **“Disallowed”** means all or that portion, as applicable, of any Claim against any Debtor that (i) has been disallowed by a Final Order of the Bankruptcy Court, (ii) is listed in the Schedules as “\$0,” contingent, disputed or unliquidated and as to which a proof of claim bar date has been established but no Proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any

Final Order of the Bankruptcy Court or otherwise deemed timely filed under applicable law, (iii) has been agreed to be equal to “\$0” or to be expunged pursuant to the Claims Settlement Procedures Order or otherwise or (iv) is not listed on the Schedules and as to which a proof of claim bar date has been established but no Proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or otherwise deemed timely filed under applicable law.

46. “**Disbursing Agent**” means the Reorganized Debtors or any Person or Entity designated or retained by the Reorganized Debtors, in their sole discretion and without the need for any further order of the Bankruptcy Court, to serve as disbursing agent pursuant to Section 7.1 of this Plan.
47. “**Disclosure Statement**” means the disclosure statement relating to this Plan, including all exhibits and schedules thereto, as amended, supplemented or modified from time to time, in each case, as approved pursuant to section 1125 of the Bankruptcy Code by the Bankruptcy Court in the Approval Order.
48. “**Disputed**” means all or that portion, as applicable, of any Claim against any Debtor that is neither Allowed nor Disallowed.
49. “**Disputed Claims Reserve**” has the meaning set forth in Section 9.4(b) of this Plan.
50. “**Distribution Date**” means any of (i) the Initial Distribution Date, (ii) each Interim Distribution Date and (iii) the Final Distribution Date.
51. “**Distribution Record Date**” means, with respect to Claims not relating to Old Notes, the Confirmation Date; *provided* that distributions to holders of Old Notes shall be made pursuant to Section 7.2(d) of this Plan.
52. “**DTC**” means the Depository Trust Company.
53. “**Effective Date**” means the Business Day selected by the Debtors that is (i) on or after the Confirmation Date and on which no stay of the Confirmation Order is in effect and (ii) on or after the date on which the conditions to effectiveness of this Plan specified in Section 13.1 hereof have been either satisfied or waived as set forth herein.
54. “**Employee Agreement**” means any agreement (other than a Collective Bargaining Agreement or standard form documents or policies executed or acknowledged by newly hired employees) between any of the Debtors and any current or former directors, officers or employees of any of the Debtors.
55. “**Entity**” or “**entity**” means an entity as defined in section 101(15) of the Bankruptcy Code.

56. “**Estate**” means the bankruptcy estate of each Debtor created pursuant to section 541 of the Bankruptcy Code.
57. “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.
58. “**FAA**” means the Federal Aviation Administration.
59. “**FAPA**” means Frontier Airline Pilots Association.
60. “**FAPA Released Parties**” means FAPA and its current and former officers, committee members, employees, advisors, attorneys, accountants, actuaries, investment bankers, consultants, agents and other representatives.
61. “**Final Distribution Date**” means a day selected by the Reorganized Debtors in their sole discretion that is after the Initial Distribution Date and is no earlier than 20 calendar days after the date on which all Disputed General Unsecured Claims have become either Allowed Claims or Disallowed Claims.
62. “**Final Order**” means an order or judgment of the Bankruptcy Court or other court of competent jurisdiction that has not been reversed, stayed, modified or amended, and as to which the time to appeal, seek reconsideration under Rule 59(b) or 59(e) of the Federal Rules of Civil Procedure, seek a new trial, reargument or rehearing and, where applicable, petition for certiorari has expired, and no appeal, motion for reconsideration under Rule 59(b) or 59(e) of the Federal Rules of Civil Procedure, motion for a new trial, reargument or rehearing or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought, or as to which any motion for reconsideration that has been filed pursuant to Rule 59(b) or 59(e) of the Federal Rules of Civil Procedure or any motion for a new trial, reargument or rehearing has been resolved by the court in which such motion was filed; *provided, however*, that the possibility that a motion pursuant to Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule, may be filed relating to such order or judgment shall not cause such order or judgment not to be a Final Order.
63. “**Final Pro Rata Share**” means the ratio (expressed as a percentage) of the amount of an Allowed General Unsecured Claim to the aggregate amount of all Allowed General Unsecured Claims as of the Final Distribution Date.
64. “**First Data**” means, collectively, Sovereign Bank and First Data Merchant Services Corporation d/b/a Sovereign Merchant Services.
65. “**First Data Letter Agreement**” means the Letter Agreement dated as of July 9, 2008 between First Data and Frontier.

66. “**First Data Claim**” means any superpriority Administrative Claim arising pursuant to the First Data Letter Agreement and/or the First Data Order.
67. “**First Data Order**” means the Order Authorizing the Debtors to Perform Under Letter Agreement with Sovereign Bank and First Data Merchant Services Corporation and Merchant Services Airline Bankcard Agreement with Sovereign Bank and First Data Merchant Services Corporation as Amended Thereby, entered by the Bankruptcy Court on July 10, 2008 [ECF No. 400].
68. “**Foreign Agreements**” means all executory contracts or unexpired leases as to which the Debtors were authorized to pay their pre-petition debts in the ordinary course of business pursuant to the Final Order Authorizing Debtors to (i) Pay Prepetition Obligations Owed to Foreign Creditors and (ii) Authorize Financial Institutions to Honor and Process Related Checks and Transfers, entered by the Bankruptcy Court on May 2, 2008 [ECF No. 190].
69. “**Frontier**” means Frontier Airlines, Inc., a Colorado Corporation.
70. “**Frontier Holdings**” means Frontier Airlines Holdings, Inc., a Delaware Corporation.
71. “**General Unsecured Claim**” means a Claim, other than an Administrative Claim, the First Data Claim, an Intercompany Claim, an Other Priority Claim, a Priority Tax Claim, a Secured Claim or a Securities Litigation Claim.
72. “**HSR Act**” means the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended.
73. “**IBT**” means the Teamsters Airline Division of the International Brotherhood of Teamsters.
74. “**IBT Released Parties**” means the IBT and each of its current and former officers, committee members, employees, advisors, attorneys, accountants, actuaries, investment bankers, consultants, agents and other representatives, in each case solely to the extent representing the Frontier Aircraft Appearance Agents and Maintenance Cleaners.
75. “**Impaired**” means any Claim or Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.
76. “**Indemnification Obligation**” means any obligation of any Debtor to indemnify directors, officers or employees of any of the Debtors who served in such capacity, with respect to or based upon any act or omission taken or omitted in any of such capacities, or for or on behalf of any Debtor, whether pursuant to agreement, the Debtors’ respective articles or certificates of incorporation, corporate charters, bylaws, operating agreements or similar corporate documents or other applicable contract or law in effect as of the Effective Date.

77. “**Indenture**” means the Indenture dated as of December 7, 2005 by and among Frontier and U.S. Bank National Association, as Trustee, as supplemented by a First Supplemental Indenture dated as of December 7, 2005 by and among Frontier and U.S. Bank National Association, as Trustee, and a Second Supplemental Indenture dated as of April 3, 2006 by and among Frontier, Frontier Holdings and U.S. Bank National Association, as Trustee.
78. “**Indenture Trustee**” means U.S. Bank National Association in its capacity as indenture trustee under the Indenture.
79. “**Initial Distribution Date**” means a day selected by the Reorganized Debtors in their sole discretion that is as soon as reasonably practicable after, but not later than 60 calendar days after, the Effective Date.
80. “**Initial Pro Rata Share**” means the ratio (expressed as a percentage) of the amount of an Allowed General Unsecured Claim to the sum of the aggregate amounts of (i) all Allowed General Unsecured Claims as of the Effective Date and (ii) all Disputed General Unsecured Claims that the Reorganized Debtors, on the Effective Date, reasonably estimate will be Allowed when the allowance or disallowance of each Disputed General Unsecured Claim is ultimately determined (with an appropriate amount included for as yet unresolved General Unsecured Claims).
81. “**Insurance Plans**” means the Debtors’ insurance policies and any agreements, documents or instruments relating thereto entered into prior to the Petition Date.
82. “**Intercompany Claim**” means any Claim by a Debtor against another Debtor.
83. “**Intercompany Contract**” means a contract solely between two or more Debtors entered into prior to the Petition Date.
84. “**Interest**” means any equity security within the meaning of section 101(16) of the Bankruptcy Code, including, without limitation, all issued, unissued, authorized or outstanding shares of stock or other equity interests (including common and preferred), together with any warrants, options, convertible securities, liquidating preferred securities or contractual rights to purchase or acquire any such equity interests at any time and all rights arising with respect thereto.
85. “**Interim Compensation Order**” means the Order to Establish Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals, entered by the Bankruptcy Court on May 2, 2008 [ECF No. 195].
86. “**Interim Distribution Date**” means the date that is 150 calendar days after the Initial Distribution Date or the most recent Interim Distribution Date thereafter, with such periodic Interim Distribution Dates occurring until the Final Distribution Date has

occurred, it being understood that the Reorganized Debtors may increase the frequency of Interim Distribution Dates in their sole discretion as circumstances warrant.

87. **“Interim Pro Rata Share”** means, on any given date, the ratio (expressed as a percentage) of the amount of an Allowed General Unsecured Claim to the sum of the aggregate amounts of (i) all Allowed General Unsecured Claims as of such date and (ii) all Disputed General Unsecured Claims that the Reorganized Debtors, on such date, reasonably estimate will be Allowed when the allowance or disallowance of each Disputed General Unsecured Claim is ultimately determined (with an appropriate amount included for as yet unresolved General Unsecured Claims).
88. **“Interline Agreements”** has the meaning ascribed to it in the Debtors’ Motion for Order (i) Authorizing Debtors to Honor Interline Agreements, Clearinghouse Agreements, ARC Agreements, Billing and Settlement Plan Agreements and Cargo Agreements, (ii) Authorizing Debtors to Honor Prepetition Obligations Related to the Domestic Alliance Agreements, the Code Share Agreements, GDS Agreements, Travel Agency Agreements, Cargo Agency Agreements and In-To Plane Service Company Claims and (iii) Modifying the Automatic Stay Solely to the Extent Necessary to Effectuate the Intended Relief, filed on April 11, 2008 [ECF No. 15].
89. **“Internal Revenue Code”** means the Internal Revenue Code of 1986, as amended.
90. **“Investment Agreement”** means the Amended and Restated Investment Agreement dated as of July 8, 2009 among Republic, Frontier Holdings, Frontier and Lynx or such other investment agreement that may ultimately be approved by the Bankruptcy Court in replacement thereof at the conclusion of the auction period contemplated by the Investment Agreement Motion.
91. **“Investment Agreement Motion”** means the Debtors’ Motion for an Order (i) Approving and Authorizing Debtors to Perform Under Investment Agreement, (ii) Approving Procedures for Consideration of Other Investment Proposals, (iii) Scheduling Proposal Deadlines and an Auction and (iv) Approving Form and Manner of Notice Thereof, filed by the Debtors on June 22, 2009 [ECF No. 890], which, among other things, seeks approval of the Investment Agreement with Republic and of procedures to solicit and consider competing investment proposals.
92. **“IRS”** means the Internal Revenue Service.
93. **“Letter of Credit”** means a documentary or standby letter of credit issued for the account of any of the Debtors, and any reimbursement agreement or similar agreement entered into prior to the Petition Date in connection therewith.
94. **“Lien”** has the meaning set forth in section 101(37) of the Bankruptcy Code.
95. **“Lynx”** means Lynx Aviation, Inc., a Colorado Corporation.

96. “**Master Ballots**” means the master ballots upon which the Nominees of Beneficial Holders shall indicate acceptances and rejections of this Plan in accordance with the Voting Instructions.
97. “**New Board**” means the board of directors of Reorganized Frontier Holdings on the Effective Date. Details of the composition of the New Board shall be set forth in a Plan Supplement.
98. “**New Bylaws**” means the bylaws of Reorganized Frontier Holdings, which shall be substantially in the form set forth in a Plan Supplement.
99. “**New Certificate of Incorporation**” means the certificate of incorporation of Reorganized Frontier Holdings, which shall be substantially in the form set forth in a Plan Supplement.
100. “**New Common Stock**” means the common stock of Reorganized Frontier Holdings to be authorized pursuant to the New Certificate of Incorporation.
101. “**Nominee**” means any broker, dealer, commercial loans institution, financial institution or other nominee in whose name securities are registered or held of record on behalf of a Beneficial Holder.
102. “**Notice of Intent To Assume or Reject**” means a notice delivered by the Debtors or Reorganized Debtors pursuant to Article 10 of this Plan stating an intent to assume or reject an executory contract or unexpired lease and including a proposed Assumption Effective Date or Rejection Effective Date, as applicable, and, if applicable, a Proposed Cure and/or a proposed assignment.
103. “**Old Notes**” means all notes issued pursuant to the Indenture and any other indenture or similar instrument issued by or on behalf of a Debtor prior to the Petition Date.
104. “**Old Stock**” means all of the issued and outstanding shares of Frontier Holdings common stock, \$0.001 par value per share, and all stock options, warrants or other rights to purchase such stock.
105. “**Ordinary Course Professionals Order**” means the Order Authorizing the Debtors to Employ Ordinary Course Professionals, entered by the Bankruptcy Court on May 2, 2008 [ECF No. 198].
106. “**Other Administrative Claim**” means an Administrative Claim, including, but not limited to: (i) the actual, necessary costs and expenses of preserving the Estates and operating the businesses of the Debtors incurred on or after the commencement of the Chapter 11 Cases, including Cure amounts and other liabilities incurred by the Debtors in the ordinary course of their businesses, (ii) reclamation claims under section 546(c) of the Bankruptcy Code and Uniform Commercial Code section 2-702, (iii) claims under section 503(b)(9) of the Bankruptcy Code, (iv) except with respect to Professionals,

compensation for legal, financial advisory, accounting and other services and reimbursement of expenses that would be awarded or Allowed pursuant to sections 327, 328, 330 or 331 of the Bankruptcy Code or otherwise for the period commencing on or after the Petition Date and ending on or before the Effective Date and (v) all requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to sections 503(b)(3), (4) or (5) of the Bankruptcy Code. Other Administrative Claims shall not include DIP Facility Claims Professional Fee Claims or fees and charges assessed against the Debtors' Estates pursuant to section 1930 of title 28 of the United States Code (which shall be paid pursuant to Section 16.3 of this Plan).

107. **“Other Administrative Claim Bar Date”** means the date that is 30 calendar days after the Effective Date.
108. **“Other Priority Claim”** means any Claim, other than an Administrative Claim or a Priority Tax Claim, entitled to priority in right of payment pursuant to section 507(a) of the Bankruptcy Code.
109. **“Person”** or **“person”** means a person as defined in section 101(41) of the Bankruptcy Code.
110. **“Petition Date”** means April 10, 2008, the date on which the Debtors commenced the Chapter 11 Cases, and, where relevant, the time of the filing of the Debtors' chapter 11 petitions on such date.
111. **“Plan”** means this Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, including all Plan Supplements and all exhibits, supplements, appendices and schedules to any of the foregoing, as any of them may be amended or modified from time to time hereunder or in accordance with applicable law.
112. **“Plan Consolidation”** means the deemed consolidation of the Estates of the Debtors with one another, solely for the purposes of the confirmation of this Plan and the occurrence of the Effective Date, including with respect to voting, Confirmation and distributions.
113. **“Plan Documents”** means the agreements, instruments and documents to be executed, delivered, assumed and/or performed in conjunction with the consummation of this Plan on and after the Effective Date, including, without limitation, (i) the New Bylaws, (ii) the New Certificate of Incorporation, (iii) the Reorganized Subsidiary Debtors' Certificates of Incorporation and (vi) any other instruments and documents listed in Plan Supplements.
114. **“Plan Sponsor”** means Republic or any other entity that the Bankruptcy Court may determine, at the conclusion of the auction period contemplated by the Investment Agreement Motion, has made a higher or otherwise better offer to make an equity investment in the Debtors, in connection with this Plan.

115. **“Plan Supplements”** means, collectively, the documents, agreements, instruments, schedules and exhibits and forms thereof specified in this Plan to be filed as “Plan Supplements”, as each such document, agreement, instrument, schedule and exhibit and form thereof may be altered, restated, modified or replaced from time to time, including subsequent to the filing of any such documents. Subsequent to their initial filing pursuant to Section 16.5, the Debtors shall, unless otherwise provided under this Plan, and subject to the terms and conditions of the Investment Agreement, be free to modify any such documents without further filings or notice to any party.
116. **“Post-Effective Date Committee”** has the meaning set forth in Section 16.4(b).
117. **“Post-Effective Date Committee Expense Cap”** means \$100,000.
118. **“Priority Tax Claim”** means an unsecured Claim of a governmental unit entitled to priority pursuant to section 507(a)(8) or specified under section 502(i) of the Bankruptcy Code.
119. **“Professional”** means a person retained in the Chapter 11 Cases by separate Bankruptcy Court order pursuant to sections 327 and 1103 of the Bankruptcy Code or otherwise, but not including any person retained pursuant to the Ordinary Course Professionals Order.
120. **“Professional Fee Claims”** means an Administrative Claim of a Professional for compensation for services rendered or reimbursement of costs, expenses or other charges and disbursements incurred during the period from the Petition Date through the day immediately preceding the Effective Date.
121. **“Proof of Claim”** means a proof of claim filed by a holder of a Claim in accordance with the Bar Date Order.
122. **“Proposed Cure”** means, with respect to a particular executory contract or unexpired lease, the consideration that the Debtors propose (which may be zero or an amount greater than zero) on a Notice of Intent To Assume or Reject in full satisfaction of the Debtors’ obligations with respect to such executory contract or unexpired lease pursuant to section 365(b) of the Bankruptcy Code.
123. **“Reinstated”** or **“Reinstatement”** means (i) leaving unaltered the legal, equitable and contractual rights to which a Claim or Interest entitles the holder thereof so as to leave such Claim or Interest Unimpaired in accordance with section 1124 of the Bankruptcy Code or (ii) notwithstanding and without giving effect to any contractual provision or applicable law that entitles a Creditor to demand or receive accelerated payment of a Claim after the occurrence of a default, (A) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code, (B) reinstating the maturity of such Claim as such maturity existed before such default, (C) compensating the Creditor for any damages incurred as a result of any reasonable reliance by such Creditor on such contractual provision or such applicable law and (D) not otherwise

altering the legal, equitable or contractual rights to which such Claim entitles the Creditor; *provided, however*, that any contractual right that does not pertain to the payment when due of principal and interest on the obligation on which such Claim is based, including, without limitation, financial covenant ratios, negative pledge covenants, covenants or restrictions on merger or consolidation, “going dark” provisions and affirmative covenants regarding corporate existence, prohibiting certain transactions or actions contemplated by this Plan or conditioning such transactions or actions on certain factors, shall not be required to be cured or reinstated to accomplish Reinstatement.

124. “**Rejection Bar Date**” means the deadline for filing Proofs of Claim arising from the rejection of an executory contract or unexpired lease, which deadline shall be 30 calendar days after the entry of an order approving the rejection of such executory contract or unexpired lease.
125. “**Rejection Claim**” means a Claim under section 502(g) of the Bankruptcy Code.
126. “**Rejection Effective Date**” means the date upon which the rejection of an executory contract or unexpired lease under this Plan is deemed effective.
127. “**Rejection Party**” means a counterparty to an executory contract or unexpired lease to be rejected by the Debtors under this Plan.
128. “**Released Parties**” has the meaning set forth in Section 12.6 of this Plan.
129. “**Reorganized Debtors**” means, collectively, each of the Debtors on and after the Effective Date.
130. “**Reorganized Frontier**” means Frontier on and after the Effective Date.
131. “**Reorganized Frontier Holdings**” means Frontier Holdings on and after the Effective Date.
132. “**Reorganized Lynx**” means Lynx on and after the Effective Date.
133. “**Reorganized Subsidiary Debtors**” means, collectively, each of Reorganized Frontier and Reorganized Lynx.
134. “**Reorganized Subsidiary Debtors’ Bylaws**” means the bylaws of the Reorganized Subsidiary Debtors.
135. “**Reorganized Subsidiary Debtors’ Certificates of Incorporation**” means the certificates of incorporation of the Reorganized Subsidiary Debtors.
136. “**Republic**” means Republic Airways Holdings, Inc., a Delaware Corporation.

137. **“Restructuring Transactions”** means those transactions described in Section 6.2 of this Plan.
138. **“Schedules”** means the schedules of assets and liabilities and the statements of financial affairs filed by the Debtors pursuant to section 521 of the Bankruptcy Code, as such schedules and statements have been or may be supplemented, modified or amended from time to time.
139. **“Secured Claim”** means any Claim or portion thereof (i) that is reflected in the Schedules or a Proof of Claim as a secured claim and is secured by a Lien on Collateral, to the extent of the value of such Collateral, as determined in accordance with section 506(a) or (ii) to the extent that the holder thereof has a valid right of setoff pursuant to section 553 of the Bankruptcy Code.
140. **“Securities Act”** means the Securities Act of 1933, as amended.
141. **“Securities Litigation Claim”** means any Claim or Cause of Action against any of the Debtors (i) arising from rescission of a purchase or sale of shares, notes or any other securities of any of the Debtors or an Affiliate of any of the Debtors, (ii) for damages arising from the purchase or sale of any such security, (iii) for violations of the securities laws, misrepresentations or any similar Claims related to the foregoing or otherwise subject to subordination under section 510(b) of the Bankruptcy Code, (iv) for reimbursement, contribution or indemnification allowed under section 502 of the Bankruptcy Code on account of any such Claim, including Claims based upon allegations that the Debtors made false and misleading statements or engaged in other deceptive acts in connection with the offer or sale of securities or (v) for attorneys’ fees, other charges or costs incurred on account of any of the foregoing Claims or Causes of Action.
142. **“Servicer”** means an indenture trustee (including the Indenture Trustee), owner trustee, pass-through trustee, subordination agent, agent, servicer or any other authorized representative of Creditors recognized by the Debtors.
143. **“Share Purchase Price”** means \$108,750,000, or such higher amount (net of the Termination Fee and Expense Reimbursement (as such terms are defined in the Investment Agreement)) that results from the auction process for the purchase by the Plan Sponsor of the New Common Stock in connection with this Plan, subject to the terms and conditions of the Investment Agreement. For the avoidance of doubt, the Share Purchase Price includes the Class 3 Allocation.
144. **“Solicitation Agent”** means Epiq Bankruptcy Solutions, LLC, the Debtors’ solicitation agent.
145. **“Sub-plan”** means one or more sub-plans of reorganization described in Article 2 with respect to any individual Debtor.

146. “**Subsidiary Debtors**” means, collectively, each of Frontier and Lynx. To the extent the context requires any reference to the Subsidiary Debtors after the Effective Date, Subsidiary Debtors shall mean the Reorganized Subsidiary Debtors.
147. “**Surety Bond**” means a surety bond issued on behalf of any of the Debtors prior to the Petition Date by Zurich Commercial Surety for benefit of (i) the Department of Treasury, (ii) the United States Customs Service or (iii) the Airlines Reporting Corporation, in each case including any agreement between any of the Debtors and Zurich Commercial Surety that requires the Debtors to indemnify the issuer with respect to such surety bond.
148. “**Transfer**” and words of like import mean, with respect to any security or the right to receive a security or to participate in any offering of any security (each a “**security**” for purposes of this definition), the sale, transfer, pledge, hypothecation, encumbrance, assignment, constructive sale, participation in or other disposition of such security or the Beneficial Ownership thereof, the offer to make such a sale, transfer, constructive sale or other disposition, and each option, agreement, arrangement or understanding, whether or not in writing and whether or not directly or indirectly, to effect any of the foregoing. The term “**constructive sale**” for purposes of this definition means a short sale with respect to such security, entering into or acquiring an offsetting derivative contract with respect to such security, entering into or acquiring a futures or forward contract to deliver such security or entering into any transaction that has substantially the same effect as any of the foregoing.
149. “**Treatment Objection**” means an objection to the Debtors’ proposed assumption or rejection of an executory contract or unexpired lease pursuant to the provisions of this Plan (including an objection to the proposed Assumption Effective Date or Rejection Effective Date, the Proposed Cure and/or any proposed assignment, but not including an objection to any Rejection Claim) that is properly filed with the Bankruptcy Court and served in accordance with the Case Management Order by the applicable Treatment Objection Deadline.
150. “**Treatment Objection Deadline**” means the deadline for filing and serving a Treatment Objection, which deadline shall be 4:00 p.m. (prevailing Eastern Time) on, (i) with respect to an executory contract or unexpired lease listed on Schedule 10.2(a) or 10.2(b), the 15th calendar day after the relevant schedule is filed and notice thereof is mailed, (ii) with respect to an executory contract or unexpired lease the proposed treatment of which has been altered by an amended or supplemental Schedule 10.2(a) or 10.2(b), the 15th calendar day after such amended or supplemental schedule is filed and notice thereof is mailed, (iii) with respect to an executory contract or unexpired lease for which a Notice of Intent To Assume or Reject is filed, the 15th calendar day after such notice is filed and notice thereof is mailed and (iv) with respect to any other executory contract or unexpired lease, including any to be assumed or rejected by category pursuant to Sections 10.1, 10.3 or 10.4 of this Plan (without being listed on Schedule 10.2(a) or 10.2(b)), the deadline for objections to Confirmation of this Plan established pursuant to the Approval Order or other order of the Bankruptcy Court.

151. “**TWU**” means the Transport Workers Union of America AFL-CIO.
152. “**TWU Released Parties**” means the TWU and its current and former officers, committee members, employees, advisors, attorneys, accountants, actuaries, investment bankers, consultants, agents and other representatives.
153. “**Unimpaired**” refers to any Claim or Interest that is not Impaired.
154. “**Unions**” means, collectively, each of FAPA, IBT and TWU.
155. “**United States Trustee**” means the United States Trustee for the Southern District of New York.
156. “**Unliquidated Claim**” means any Claim for which the amount of liability has not been fixed, whether pursuant to agreement, applicable law or otherwise, as of the date on which such Claim is sought to be estimated.
157. “**Voting Deadline**” means the date established by the Approval Order by which the Solicitation Agent must actually receive an otherwise valid vote on this Plan in order for such vote to count as a vote to accept or reject this Plan. Such deadline will be 4:00 p.m. (prevailing Eastern Time) on August 28, 2009.
158. “**Voting Instructions**” means the instructions for voting on this Plan contained in the Approval Order, Article 7 of the Disclosure Statement and the Ballots, the Master Ballots and the Beneficial Ballots.
159. “**Voting Record Date**” means the record date for voting on this Plan, which shall be July 22, 2009.
160. “**Workers’ Compensation Plan**” means each of the Debtors’ written contracts, agreements, agreements of indemnity, qualified self-insurance workers’ compensation bonds, policies, programs and plans for workers’ compensation and workers’ compensation insurance entered into prior to the Petition Date.

Section 1.2. Rules of Interpretation

Unless otherwise specified, all article, section, exhibit, schedule or Plan Supplement references in this Plan are to the respective article in, section in, exhibit to, schedule to or Plan Supplement to this Plan, as the same may be amended, waived or modified from time to time. The words “herein,” “hereof,” “hereto,” “hereunder” and other words of similar import refer to this Plan as a whole and not to any particular article, section, subsection or clause contained herein. Whenever it is appropriate from the context, each term, whether stated in the singular or the plural, shall include both the singular and the plural and any pronoun stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter gender. Captions and headings in this Plan are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof. Whenever the words “include,” “includes” or

“including” are used in this Plan, they shall be deemed to be followed by the words “without limitation,” whether or not they are in fact followed by those words or words of like import. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively. Any references herein to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions. In the event that a particular term of this Plan (including any exhibits, schedules or Plan Supplement hereto) conflicts with a particular term of the definitive documentation required to be implemented pursuant to the terms of this Plan or any settlement or other agreement contemplated hereunder, the definitive documentation shall control and shall be binding on the parties thereto.

With respect to any reference in this Plan to a consent, approval or acceptance by any party that shall not unreasonably be withheld, or to an issue, agreement, order or other document (or the terms thereof) that shall be reasonably acceptable to any such party, such consent, approval or acceptance shall not be unreasonably conditioned, delayed or withheld.

Section 1.3. Computation of Time

In computing any period of time prescribed or allowed by this Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006(a) shall apply. In the event that any payment, distribution, act or deadline under this Plan is required to be made or performed or occurs on a day that is not a Business Day, then the making of such payment or distribution, the performance of such act or the occurrence of such deadline shall be deemed to be on the next succeeding Business Day, but shall be deemed to have been completed or to have occurred as of the required date.

Section 1.4. References to Monetary Figures

All references in this Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided.

Section 1.5. Exhibits; Schedules; Plan Supplements

All exhibits and schedules to this Plan, including Plan Supplements, are incorporated into, and are a part of, this Plan as if set forth in full herein. Copies of such exhibits, schedules and Plan Supplements can be obtained by downloading such documents from the Debtors’ case information website (located at www.frontier-restructuring.com) or the Bankruptcy Court’s website (located at www.nysb.uscourts.gov). To the extent any exhibit, schedule or Plan Supplement is inconsistent with the terms of this Plan, unless otherwise ordered by the Bankruptcy Court, the non-exhibit, non-schedule or non-Plan Supplement portion of this Plan shall control.

ARTICLE 2
PLAN CONSOLIDATION

Section 2.1. Plan Consolidation

(a) Solely for the purposes specified in this Plan (including voting, Confirmation and distributions) and subject to Section 2.2(b), (i) all assets and liabilities of the Debtors shall be treated as though they were merged, (ii) all guarantees of the Debtors of the obligations of any other Debtor shall be eliminated so that any Claim against any Debtor, any guarantee thereof executed by any other Debtor and any joint or several liability of any of the Debtors shall be one obligation of the Debtors and (iii) each and every Claim filed or to be filed in the Chapter 11 Cases against any of the Debtors shall be deemed filed against the Debtors collectively and shall be one Claim against and one obligation of the Debtors.

(b) The Plan Consolidation effected pursuant to this Section 2.1 shall not affect: (i) the legal or organizational structure of the Debtors, (ii) pre- or post-Petition Date Liens or security interests, (iii) pre- or post-Petition Date guarantees that are required to be maintained (x) in connection with executory contracts or unexpired leases that were entered into during the Chapter 11 Cases or that have been or will be assumed or (y) pursuant to this Plan, (iv) defenses to any Cause of Action or (v) distributions out of any insurance policies or proceeds of such policies.

(c) Unless previously approved by order of the Bankruptcy Court, this Plan shall serve as a motion seeking entry of an order approving the Plan Consolidation.

Section 2.2. Confirmation in the Event of Partial or No Plan Consolidation

(a) In the event that the Bankruptcy Court orders only partial Plan Consolidation, or does not order the Plan Consolidation, the Debtors reserve the right (i) to proceed with no or a partial Plan Consolidation, (ii) to propose one or more Sub-plans with respect to one or more Debtors, (iii) to proceed with the Confirmation of one or more Sub-plans to the exclusion of other Sub-plans and/or (iv) to withdraw some or all of the Sub-plans. Subject to the preceding sentence, the Debtors' inability to confirm this Plan or any Sub-plan or the Debtors' election to withdraw the Plan Consolidation or any Sub-plan shall not impair the Confirmation of any other Sub-plan or the consummation of any such Sub-plan.

(b) In the event that the Bankruptcy Court does not order the Plan Consolidation, upon either the consent of the Creditors' Committee, not to be unreasonably withheld, or further order of the Court, (i) Claims against the relevant Debtors shall be treated as separate Claims with respect to the relevant Debtor's Estate for all purposes and such Claims shall be administered as provided in the applicable Sub-plan and (ii) the Debtors shall not, nor shall they be required to, re-solicit votes with respect to this Plan or any applicable Sub-plan, and such votes shall be counted as provided in Section 5.1 of this Plan.

ARTICLE 3
TREATMENT OF ADMINISTRATIVE CLAIMS AND PRIORITY TAX CLAIMS

Section 3.1. Treatment of Administrative Claims

(a) DIP Facility Claims

All DIP Facility Claims shall be Allowed as provided in the DIP Order. On or prior to the Effective Date, in complete satisfaction of such Claims, each DIP Facility Claim shall be paid in full in Cash; *provided* that at the election of the Plan Sponsor and on the terms and conditions set forth in the Investment Agreement, any Allowed DIP Facility Claims held by the Plan Sponsor may be offset against the Share Purchase Price; *provided, however*, that to the extent any DIP Facility Claim, by the terms of the DIP Facility, survives the termination thereof, remains contingent and has not been paid in full in Cash, then any such obligation shall survive the occurrence of the Effective Date, and the payment on such date of the DIP Facility Claims shall in no way affect or impair the obligations, duties and liabilities of the Debtors or the rights of the DIP Agent and the DIP Lenders relating to any DIP Facility Claim, the performance of which is required after the Effective Date pursuant to the terms of the DIP Facility.

Contemporaneously with all amounts owing in respect of principal included in the DIP Facility Claims, interest accrued thereon to the date of payment and fees, expenses and non-contingent indemnification obligations due and payable on the Effective Date (all as and to the extent required by the DIP Facility) either (a) being paid in full in Cash or (b) being offset against the Share Purchase Price: (i) the DIP Facility and the “Loan Documents” referred to therein shall (subject to the proviso in the immediately preceding paragraph) automatically terminate, in each case without further action by the DIP Agent or any DIP Lender; (ii) all Liens on property of the Debtors and the Reorganized Debtors arising out of or related to the DIP Facility shall automatically terminate, and all Collateral subject to such Liens shall be automatically released, in each case without further action by the DIP Agent or any DIP Lender; and (iii) all guarantees of the Debtors and Reorganized Debtors arising out of or related to the DIP Facility Claims shall be automatically discharged and released, in each case without further action by the DIP Agent or any DIP Lender. The DIP Agent and DIP Lenders shall take all reasonable actions to effectuate and confirm such termination, release and discharge as requested by the Debtors or the Reorganized Debtors.

(b) Other Administrative Claims

Except to the extent that the applicable Debtor and Creditor agree to different treatment, each holder of an Allowed Other Administrative Claim against any of the Debtors shall be paid the full unpaid amount of such Allowed Other Administrative Claim in Cash (i) on or as soon as reasonably practicable after the Effective Date (for Claims Allowed as of the Effective Date), (ii) on or as soon as practicable after the date of Allowance or (iii) as otherwise ordered by the Bankruptcy Court.

Allowed Other Administrative Claims with respect to assumed agreements, liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases and non-ordinary course liabilities approved by the Bankruptcy Court shall be paid in full and performed by the Reorganized Debtors in the ordinary course of business (or as otherwise approved by the Bankruptcy Court) in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing or other documents relating to such transactions.

(c) **Professional Fee Claims**

Except to the extent that the applicable Debtor and Creditor agree to different treatment, each holder of a Professional Fee Claim against any of the Debtors shall be paid in full in Cash pursuant to the provisions of Section 8.1 hereof.

Section 3.2. Treatment of Priority Tax Claims

Except to the extent that the applicable Creditor has been paid by the Debtors prior to the Effective Date or the applicable Debtor and such Creditor agree to a different treatment, each holder of an Allowed Priority Tax Claim against any of the Debtors shall receive, at the sole option of the Reorganized Debtors, (a) payment in full in Cash made on or as soon as reasonably practicable after the later of the Effective Date or the first Distribution Date occurring at least 20 calendar days after the date such Claim is Allowed, (b) regular installment payments in accordance with section 1129(a)(9)(C) of the Bankruptcy Code or (c) such other amounts and in such other manner as may be determined by the Bankruptcy Court to provide the holder of such Allowed Priority Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim.

The Reorganized Debtors shall have the right, in their sole discretion, to pay any Allowed Priority Tax Claim or any remaining balance of an Allowed Priority Tax Claim (together with accrued but unpaid interest) in full at any time on or after the Effective Date without premium or penalty.

ARTICLE 4

CLASSIFICATION AND TREATMENT OF OTHER CLAIMS AND INTERESTS

As summarized in Article 2 above, this Plan is predicated on the Plan Consolidation. If the Plan Consolidation is not ordered pursuant to Article 2 of this Plan, the Claims and Interests against and in the Debtors shall be classified, treated and voted as specified in that Article.

Section 4.1. Classes

**Summary of Classification and Treatment of
Claims and Interests**

Class	Designation	Plan Treatment of Allowed Claims	Projected Recovery Under this Plan	Status	Voting Rights
1	Other Priority Claims	Payment in full in Cash; or other treatment that will render the Claim Unimpaired.	100%	Unimpaired	Deemed to Accept
2	Secured Claims	Payment in full in Cash; Reinstatement of the legal, equitable and contractual rights of the holder of such Claim; payment of the proceeds of the sale or disposition of the Collateral securing such Claim in each case to the extent of the value of the holder's secured interest in such Collateral; return of Collateral securing such Claim; or other treatment that will render the Claim Unimpaired.	100%	Unimpaired	Deemed to Accept
3	General Unsecured Claims	Pro rata share of the Class 3 Allocation.	8.2%–9.6% [†]	Impaired	Entitled to Vote
4a	Interests in Frontier Holdings	No distribution.	0%	Impaired	Deemed to Reject

[†] The projected recovery listed herein for General Unsecured Claims is based on (i) a Class 3 Allocation equal to \$28,750,000 and (ii) estimated total Allowed General Unsecured Claims of \$300 million to \$350 million against the Debtors. This recovery is subject to change based, *inter alia*, on (x) any change to the amount of the Class 3 Allocation as may be approved by the Bankruptcy Court in the event that a higher or otherwise better offer is obtained following the conclusion of the auction period and/or (y) further refinements to the pool of General Unsecured Claims as the Debtors' Claims reconciliation and objection process continues. The estimated total of General Unsecured Claims that will ultimately be Allowed and therefore the projected recovery for holders of Allowed General Unsecured Claims is based on information available to the Debtors as of the date hereof and reflect the Debtors' views as of the date hereof only. The Debtors expressly disclaim any obligation to update any estimates or assumptions after the date hereof on any basis (including new or different information received and/or errors discovered).

Class	Designation	Plan Treatment of Allowed Claims	Projected Recovery Under this Plan	Status	Voting Rights
4b	Interests in Frontier and Lynx	Reinstatement of Interests.	100%	Unimpaired	Deemed to Accept
4c	Securities Litigation Claims	No distribution.	0%	Impaired	Deemed to Reject

Section 4.2. Treatment of Claims and Interests

(a) Class 1 (Other Priority Claims)

Except to the extent that the applicable Debtor and Creditor agree to a different treatment (or as limited by Section 7.2 hereof), each holder of an Allowed Other Priority Claim against any of the Debtors shall receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Claim, Cash in an amount equal to the Allowed amount of such Claim, or treatment in any other manner so that such Claim shall otherwise be rendered Unimpaired, on or as soon as reasonably practicable after the later of (i) the Initial Distribution Date (for Claims Allowed as of the Effective Date) and (ii) the first Distribution Date occurring at least 20 calendar days after the date such Claim becomes Allowed.

(b) Class 2 (Secured Claims)

Except to the extent that the applicable Debtor and Creditor agree to a different treatment (or as limited by Section 7.2 hereof), each holder of an Allowed Secured Claim against any of the Debtors shall receive, at the sole option of the Reorganized Debtors, and in full satisfaction, settlement, release and discharge of, and in exchange for, such Claim: (i) payment in Cash in the amount of such Allowed Secured Claim, (ii) Reinstatement of the legal, equitable and contractual rights of the holder with respect to such Allowed Secured Claim, (iii) a distribution of the proceeds of the sale or disposition of the Collateral securing such Allowed Secured Claim, in each case to the extent of the value of the holder's secured interest in such Collateral, (iv) the Collateral securing such Allowed Secured Claim without representation or warranty by or recourse against the Debtors or Reorganized Debtors or (v) such other treatment as necessary to satisfy the requirements of section 1124 of the Bankruptcy Code; *provided* that all DIP Facility Claims shall not be included in this Class and shall instead be treated in accordance with Article 3 of this Plan. In the event the Debtors satisfy a Secured Claim under clause (i), (iii), (iv) or (v) above, the Liens securing such Secured Claim shall be deemed released without further action by any party.

Any payments or distributions made pursuant to this Section 4.2(b) shall be made on or as soon as reasonably practicable after the first Distribution Date occurring after the latest of (i) the Effective Date, (ii) the date at least 20 calendar days after the date such Claim becomes

Allowed and (iii) the date for payment provided by any agreement between the applicable Debtor and the holder of such Claim.

For convenience of identification, this Plan classifies the Allowed Claims in Class 2 (Secured Claims) as a single Class. However, this Class is actually a group of subclasses, depending on the Collateral securing each such Allowed Claim.

(c) Class 3 (General Unsecured Claims)

(i) Except to the extent that the applicable Debtor and Creditor agree to a different treatment (or as limited by Section 7.2 hereof), each holder of an Allowed General Unsecured Claim against any of the Debtors shall receive, on or as soon as reasonably practicable after the later of (i) the Initial Distribution Date (for Claims Allowed as of the Effective Date) and (ii) the first Distribution Date occurring at least 20 calendar days after the date such Claim becomes an Allowed General Unsecured Claim, Cash equal to such Allowed General Unsecured Claim's Initial Pro Rata Share of the Class 3 Allocation.

(ii) Except to the extent that the applicable Debtor and Creditor agree to a different treatment (or as limited by Section 7.2 hereof), each holder of an Allowed General Unsecured Claim against any of the Debtors shall receive, on or as soon as reasonably practicable after each Interim Distribution Date subsequent to the Distribution Date on which such holder received an initial distribution set forth in Section 4.2(c)(i) above, Cash equal (x) to such Allowed General Unsecured Claim's Interim Pro Rata Share of the Class 3 Allocation *minus* (y) the aggregate amount of any distributions previously made to such holder in accordance with Section 4.2(c)(i) above or this Section 4.2(c)(ii).

(iii) If any Cash remains in the Disputed Claims Reserve after all Disputed General Unsecured Claims have become either Allowed Claims or Disallowed Claims and all distributions required pursuant to Section 9.4(c) of this Plan have been made, the Disbursing Agent shall distribute such Cash so that each holder of an Allowed General Unsecured Claim shall have received, after giving effect to the initial distribution and interim distributions, if any, set forth in the Section 4.2(c)(i) and Section 4.2(c)(ii) above and the final distribution set forth in this Section 4.2(c)(iii), such Allowed Claim's Final Pro Rata Share of the Class 3 Allocation on or as soon as reasonably practicable after the Final Distribution Date. Such final distribution, if any, together with the initial distribution and interim distributions, if any, set forth in Section 4.2(c)(i) and Section 4.2(c)(ii) above, shall be in full satisfaction, release and discharge of, and in exchange for, each Allowed General Unsecured Claim against any of the Debtors.

(d) **Class 4a (Interests in Frontier Holdings)**

The holders of Interests in Frontier Holdings shall neither receive any distributions nor retain any property on account thereof pursuant to this Plan. All Interests in Frontier Holdings, including the Old Stock, shall be cancelled and extinguished.

(e) **Class 4b (Interests in Frontier and Lynx)**

The Interests in Frontier and Lynx shall not be cancelled, but shall be Reinstated for the benefit of Reorganized Frontier Holdings, in exchange for the agreement of Reorganized Frontier Holdings to make distributions under this Plan to Creditors of Frontier and Lynx and to use certain funds and assets, to the extent authorized in this Plan, to satisfy certain obligations of Frontier and Lynx.

(f) **Class 4c (Securities Litigation Claims)**

The holders of Securities Litigation Claims against the Debtors, if any, shall neither receive any distributions nor retain any property on account thereof pursuant to this Plan. The treatment of Securities Litigation Claims under this Plan is in accordance with, and gives effect to, section 510(b) of the Bankruptcy Code.

Section 4.3. Treatment of Intercompany Claims

In accordance with, and giving effect to, the provisions of section 1124(1) of the Bankruptcy Code, Intercompany Claims are Unimpaired by this Plan. However, the Debtors, in their sole discretion, retain the right to eliminate or adjust any Intercompany Claims as of the Effective Date by offset, cancellation, contribution of Claims or otherwise.

Section 4.4. Compliance with Laws and Effects on Distributions

In connection with the consummation of this Plan, the Reorganized Debtors will comply with all withholding and reporting requirements imposed by federal, state, local or foreign taxing authorities, and all distributions hereunder will be subject to applicable withholding and reporting requirements. In order to satisfy withholding tax obligations, the Reorganized Debtors will need to withhold and remit to taxing authorities a portion of the Cash that would otherwise be distributable under this Plan to certain employees and former employees of the Reorganized Debtors with Allowed General Unsecured Claims.

ARTICLE 5
ACCEPTANCE OR REJECTION OF THE PLAN

Section 5.1. Voting of Claims

Each holder of a Claim in an Impaired Class as of the Voting Record Date that is entitled to vote on this Plan pursuant to Article 4 of this Plan shall be entitled to vote to accept or reject this Plan as provided in the Approval Order or any other order of the Bankruptcy Court.

In the event that the Bankruptcy Court does not approve the Plan Consolidation: (a) the Debtors shall not, and shall not be required to, re-solicit any votes with respect to this Plan; (b) the vote by a holder of a Claim shall be counted as a vote in a single, respective, separate Class with respect to the appropriate Sub-plan; and (c) the vote by a holder of a Claim to accept or reject this Plan shall be deemed as the vote of the holder of such Claim to accept or reject the Sub-plan, as the case may be, in the single, respective, separate Class with respect to the appropriate Sub-plan.

Section 5.2. Presumed Acceptance of Plan

Class 1 (Other Priority Claims), Class 2 (Secured Claims) and Class 4b (Interests in Frontier and Lynx) are Unimpaired by this Plan. Pursuant to section 1126(f) of the Bankruptcy Code, the holders of Claims in such Classes are conclusively presumed to have accepted this Plan and the votes of such holders will not be solicited.

Section 5.3. Presumed Rejection of Plan

Class 4a (Interests in Frontier Holdings) and Class 4c (Securities Litigation Claims) shall not receive any distribution under this Plan on account of such Claims or Interests. Pursuant to section 1126(g) of the Bankruptcy Code, the holders of Claims and Interests in such Classes are conclusively presumed to have rejected this Plan and the votes of such holders will not be solicited.

Section 5.4. Acceptance by Impaired Classes

Pursuant to section 1126(c) of the Bankruptcy Code, and except as otherwise provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims shall have accepted this Plan if the holders of at least two-thirds in dollar amount and more than one-half in number of the Claims of such Class entitled to vote that actually vote on this Plan have voted to accept this Plan. Because Class 3 (General Unsecured Claims) is Impaired, the votes of holders of Claims in such Class will be solicited.

Section 5.5. Nonconsensual Confirmation

If any Impaired Class of Claims entitled to vote shall not accept this Plan by the requisite statutory majority required by section 1126(c) of the Bankruptcy Code, the Debtors reserve the right, subject to any applicable sections of the Bankruptcy Code, to (a) re-classify any Claim or

Interest, including re-classifying any Impaired Claim or Interest as Unimpaired, (b) amend this Plan in accordance with Article 14 of this Plan; and/or (c) undertake to have the Bankruptcy Court confirm the Plan under Section 1129(b) of the Bankruptcy Code.

ARTICLE 6

IMPLEMENTATION OF THE PLAN

Section 6.1. Continued Corporate Existence

(a) Except as otherwise provided in this Plan, each Debtor shall, as a Reorganized Debtor, continue to exist after the Effective Date as a separate legal entity, each with all the powers of a corporation under the laws of its respective jurisdiction of organization and without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) under applicable state law.

(b) As of the Effective Date, subject to the terms and conditions of the Investment Agreement, Reorganized Frontier Holdings will become a wholly-owned subsidiary of the Plan Sponsor.

Section 6.2. Restructuring Transactions

On or after the Effective Date, the Reorganized Debtors may engage in or take such actions as may be necessary or appropriate to effect corporate restructurings of their respective businesses, including actions necessary to simplify, reorganize and rationalize the overall reorganized corporate structure of the Reorganized Debtors. The transactions may include (a) dissolving companies, (b) filing appropriate certificates or articles of merger, consolidation or dissolution pursuant to applicable state law and (c) any other action reasonably necessary or appropriate in connection with such corporate restructurings. In each case in which the surviving, resulting or acquiring Entity in any of these transactions is a successor to a Reorganized Debtor, such surviving, resulting or acquiring Entity will perform the obligations of the applicable Reorganized Debtor pursuant to this Plan, including paying or otherwise satisfying the Allowed Claims to be paid by such Reorganized Debtor. Implementation of any restructuring transactions shall not affect any distributions, discharges, exculpations, releases or injunctions set forth in this Plan.

Section 6.3. Plan Sponsor

Upon the terms and subject to the conditions set forth in the Investment Agreement, Reorganized Frontier Holdings shall issue, sell and deliver to the Plan Sponsor, and the Plan Sponsor has agreed to purchase from Reorganized Frontier Holdings the New Common Stock, free and clear of all Liens, to be delivered to the Plan Sponsor on the Effective Date or such other date as agreed by Reorganized Frontier Holdings and the Plan Sponsor, for an aggregate purchase price equal to the Share Purchase Price (which may be offset by any Allowed DIP Facility Claims held by the Plan Sponsor). A portion of the Share Purchase Price equal to the

Class 3 Allocation shall be allocated, upon the terms and conditions of this Plan, to satisfy the Allowed General Unsecured Claims.

Section 6.4. Issuance of New Common Stock; Execution of Related Documents

On or as soon as reasonably practicable after the Effective Date (or as otherwise specifically set forth herein) and upon the terms and conditions set forth in the Investment Agreement, Reorganized Frontier Holdings shall issue 1,000 shares of New Common Stock (representing 100% of the issued and outstanding stock of Reorganized Frontier Holdings) for distribution to the Plan Sponsor.

Section 6.5. Exemption from Registration

To the maximum extent provided by section 1145 of the Bankruptcy Code and applicable non-bankruptcy law, including section 4(2) of the Securities Act, the issuance under this Plan of the New Common Stock will be exempt from registration under the Securities Act.

Section 6.6. Cancellation of Old Notes and Old Stock

On the Effective Date, except to the extent otherwise provided herein, all notes, instruments, certificates and other documents evidencing (a) the Old Notes and (b) the Old Stock shall be cancelled, and the obligations of the Debtors thereunder and in any way related thereto shall be fully satisfied, released and discharged; *provided, however*, that such cancellation shall not itself alter the obligations or rights of any non-Debtor third parties vis-à-vis one another with respect to such notes, instruments, certificates or other documents. On the Effective Date, except to the extent otherwise provided herein, any indenture or similar agreement relating to any of the foregoing, including, without limitation, the Indenture, and any related note, guaranty or similar instrument of the Debtors shall be deemed to be cancelled, as permitted by section 1123(a)(5)(F) of the Bankruptcy Code, and discharged (i) with respect to all obligations owed by any Debtor under any such agreement and (ii) except to the extent provided herein below, with respect to the respective rights and obligations of the Indenture Trustee under the Indenture against the holders of Old Notes Claims. Solely for the purpose of clause (ii) in the immediately preceding sentence, only the following rights of the Indenture Trustee shall remain in effect after the Effective Date: (1) rights as trustee, paying agent and registrar, including but not limited to any rights to payment of fees, expenses and indemnification obligations including, but not limited to, from property distributed under this Plan to the Indenture Trustee (but excluding any other property of the Debtors, the Reorganized Debtors or their respective Estates), (2) rights relating to distributions to be made to the holders of the Old Notes by the Indenture Trustee from any source, including, but not limited to, distributions under this Plan (but excluding any other property of the Debtors, the Reorganized Debtors or their respective Estates), (3) rights relating to representation of the interests of the holders of the Old Notes by the Indenture Trustee in the Chapter 11 Cases to the extent not discharged or released by this Plan or any order of the Bankruptcy Court and (4) rights relating to participation by the Indenture Trustee in proceedings and appeals related to this Plan. Notwithstanding the continued effectiveness of such rights after the Effective Date, such Indenture Trustee shall have no obligation to object to Claims against

the Debtors or to locate certificated holders of Old Notes who fail to surrender their Old Notes in accordance with Section 7.2(d) of this Plan.

Section 6.7. Exclusivity Period

The Debtors will retain the exclusive right to amend or modify this Plan, and to solicit acceptances of any amendments to or modifications of this Plan, through and until the Effective Date.

Section 6.8. Hart-Scott-Rodino Compliance

Any shares of New Common Stock to be distributed under this Plan to any Person or Entity required to file a “Premerger Notification and Report Form” under the HSR Act shall not be distributed until the notification and waiting periods applicable under such Act to such Person or Entity shall have expired or been terminated.

Section 6.9. Compensation Programs

The terms of Compensation Programs, if any, to be implemented as of or after the Effective Date shall be set forth in a Plan Supplement. The definitive documentation of any Compensation Programs shall be acceptable to the Debtors and the Plan Sponsor.

Section 6.10. Non-Impairment

Nothing contained in this Plan shall be read to alter, limit or impair (a) the Plan Sponsor’s rights under the Investment Agreement or (b) the terms and conditions of the Investment Agreement.

**ARTICLE 7
PROVISIONS GOVERNING DISTRIBUTIONS**

Section 7.1. Disbursing Agent

The Disbursing Agent shall make all distributions required under this Plan, except with respect to a Creditor whose distribution is to be administered by a Servicer, which distributions shall be deposited with the appropriate Servicer for distribution to Creditors in accordance with the provisions of this Plan and the terms of the governing agreement. Distributions on account of such Claims shall be deemed complete upon delivery to the appropriate Servicer; *provided, however,* that if any such Servicer is unable to make such distributions, the Disbursing Agent, with the cooperation of such Servicer, shall make such distributions to the extent reasonably practicable to do so. The DIP Agent and the Indenture Trustee will be considered Servicers for all DIP Facility Claims and all Claims that arise from or relate to the Old Notes or the Indenture, respectively.

The Reorganized Debtors shall be authorized, without further Bankruptcy Court approval, but not directed to reimburse any Servicer for its reasonable, documented, actual and customary out-of-pocket expenses incurred in providing post-petition services directly related to distributions pursuant to this Plan. These reimbursements may be made on terms agreed to with the Reorganized Debtors and need not be deducted from distributions to be made pursuant to this Plan to holders of Allowed Claims receiving distributions from such Servicer. Notwithstanding the foregoing or any other provision of this Plan, the Indenture Trustee shall retain any rights under any charging lien with respect to any Indenture Trustee fees and expenses that are (i) payable under the Indenture and applicable law and (ii) not paid pursuant to this Plan.

Section 7.2. Timing and Delivery of Distributions

(a) Timing

Subject to any reserves or holdbacks established pursuant to this Plan, and taking into account the matters discussed in Section 4.4 of this Plan, on the appropriate Distribution Date or as soon as practicable thereafter, holders of Allowed Claims against the Debtors shall receive the distributions provided for Allowed Claims in the applicable Classes as of such date. Distributions on account of General Unsecured Claims Allowed as of the Effective Date shall be made on or as soon as reasonably practicable after the Initial Distribution Date.

If and to the extent there are Disputed Claims as of the Effective Date, distributions on account of such Disputed Claims (which will only be made if and when they become Allowed Claims) shall be made pursuant to the provisions set forth in this Plan on or as soon as reasonably practicable after the next Distribution Date that is at least 20 calendar days after the Allowance of each such Claim; *provided, however*, that distributions on account of the Claims set forth in Article 3 of this Plan shall be made as set forth therein and Professional Fee Claims shall be made as soon as reasonably practicable after their Allowance. Because of the size and complexities of the Chapter 11 Cases, the Debtors at the present time cannot accurately predict the timing of the Final Distribution Date.

(b) De Minimis Distributions

Notwithstanding any other provision of this Plan, none of the Reorganized Debtors, the Disbursing Agent nor any Servicer shall have any obligation to make a particular distribution to a specific holder of an Allowed Claim on an Initial Distribution Date or an Interim Distribution Date if (i) such Allowed Claim has an economic value less than \$250 and (ii) such holder is also the holder of a Disputed Claim.

Notwithstanding any other provision of this Plan, none of the Reorganized Debtors, the Disbursing Agent nor any Servicer shall have any obligation to make any distributions under this Plan with a value of less than \$25, unless a written request therefor is received by the Reorganized Debtors from the relevant recipient at the addresses set forth in Section 16.12 hereof.

Notwithstanding any other provision of this Plan, none of the Reorganized Debtors, the Disbursing Agent nor any Servicer shall have any obligation to make any distributions on any Interim Distribution Date unless the sum of all distributions authorized to be made to all holders of Allowed Claims on such Interim Distribution Date exceeds \$2,000,000.

Notwithstanding any other provision of this Plan, none of the Reorganized Debtors, the Disbursing Agent nor any Servicer shall have any obligation to make any distributions described in Section 4.2(c)(ii) hereof on any Interim Distribution Date unless the sum of all distributions to be made to all holders of Allowed Claims on such Interim Distribution Date under Section 4.2(c)(ii) hereof exceeds \$2,000,000.

(c) Delivery of Distributions – Allowed Claims Not Relating to Old Notes

With respect to holders of Allowed Claims not relating to Old Notes, distributions shall only be made to the record holders of such Allowed Claims as of the Distribution Record Date. On the Distribution Record Date, at the close of business for the relevant register, all registers maintained by the Debtors, Reorganized Debtors, Disbursing Agent, mortgagees, other Servicers and each of the foregoing's respective agents, successors and assigns, with respect to Claims not relating to Old Notes, shall be deemed closed for purposes of determining whether a holder of such a Claim is a record holder entitled to distributions under this Plan. The Debtors, Reorganized Debtors, Disbursing Agent, mortgagees, other Servicers and all of their respective agents, successors and assigns shall have no obligation to recognize, for purposes of distributions pursuant to or in any way arising from this Plan (or for any other purpose), any Claims, other than those relating to Old Notes, that are transferred after the Distribution Record Date. Instead, they shall be entitled to recognize only those record holders set forth in the registers as of the Distribution Record Date, irrespective of the number of distributions made under this Plan or the date of such distributions. Furthermore, if a Claim other than one based on a publicly traded note, bond or debenture (as set forth in Bankruptcy Rule 3001(e)) is transferred 20 or fewer calendar days before the Distribution Record Date, the Disbursing Agent shall make distributions to the transferee only if the transfer form contains an unconditional and explicit certification and waiver of any objection to the transfer by the transferor.

If any dispute arises as to the identity of a holder of an Allowed Claim, other than an Allowed Claim relating to an Old Note, that is entitled to receive a distribution pursuant to this Plan, the Disbursing Agent or the Servicers, as applicable, may, in lieu of making such distribution to such person, make the distribution into an escrow account until the disposition thereof is determined by Final Order or by written agreement among the interested parties to such dispute.

Subject to Bankruptcy Rule 9010, a distribution to a holder of an Allowed Claim, other than an Allowed Claim relating to an Old Note, may be made by the Disbursing Agent, in its sole discretion: (i) to the address set forth on the first page of the Proof of Claim filed by such holder (or at the last known address of such holder if no Proof of Claim is filed or if the Debtors have been notified in writing of a change of address), (ii) to the address set forth in any written notice of an address change delivered to the Disbursing Agent after the date of any related Proof of

Claim, (iii) to the address set forth on the Schedules filed with the Bankruptcy Court, if no Proof of Claim has been filed and the Disbursing Agent has not received a written notice of an address change, (iv) in the case of a holder whose Claim is governed by an agreement and administered by a Servicer, to the address contained in the official records of such Servicer or (v) to the address of any counsel that has appeared in the Chapter 11 Cases on such holder's behalf.

(d) Delivery of Distributions – Allowed Claims Relating to Old Notes; Surrender of Cancelled Instruments or Securities

Subject to the provisions of Section 6.6 of this Plan, with respect to holders of Allowed Claims relating to Old Notes, distributions shall only be made to holders of such Allowed Claims who surrender their Old Notes in accordance with the provisions of this Section 7.2(d):

(i) With respect to any holder of an Allowed Claim relating to an Old Note, other than certificated securities in global form held in the name of Cede & Co. as nominee for DTC and in the custody of Cede & Co., DTC or the Indenture Trustee, such holder shall either (x) surrender such Old Note to the Disbursing Agent or (y) with respect to an Old Note that is governed by an agreement and administered by a Servicer, surrender such Old Note to the respective Servicer (along with a letter of transmittal to be provided by the Servicer), and such Old Note shall be cancelled. No distribution of property hereunder shall be made to or on behalf of any holder of an Allowed Claim relating to an Old Note unless and until such Old Note is received by the Disbursing Agent or the appropriate Servicer. In the event of the loss, theft or destruction of an Old Note the unavailability of such Old Note must be reasonably established to the satisfaction of the Disbursing Agent or the respective Servicer, including by executing and delivering (x) an affidavit of loss setting forth the unavailability of the Old Note or promissory note, as applicable, reasonably satisfactory to the Disbursing Agent or the respective Servicer and (y) such additional security or indemnity as may be reasonably required. A distribution to a holder of an Allowed Claim relating to an Old Note may be made by the Disbursing Agent, in its sole discretion: (x) to the address of the holder thereof or (y) to the address indicated in any letter of transmittal submitted to the Servicer by a holder.

(ii) With respect to any holder of an Allowed Claim relating to an Old Note that is held in the name of, or by a nominee of, DTC, the Debtors shall seek the cooperation of DTC to provide appropriate instructions to the appropriate Servicer and such distribution shall be made through a mandatory exchange on or as soon as practicable after the Effective Date.

Any holder of an Allowed Claim relating to an Old Note who fails to surrender such Old Note in accordance with this Section 7.2(d) within one year after the Effective Date shall be deemed to have forfeited all rights and Claims in respect of such Old Note and shall not participate in any distribution hereunder, and all property in respect of such forfeited distribution, including any dividends or interest attributable thereto, shall revert to the Reorganized Debtors, notwithstanding any federal or state escheat laws to the contrary.

Section 7.3. Manner of Payment under Plan

(a) At the option of the Debtors, any Cash payments to be made hereunder may be made by check, wire transfer or any other customary payment method.

(b) The Disbursing Agent shall make distributions of Cash as required under this Plan on behalf of the applicable Reorganized Debtor. Where the applicable Reorganized Debtor is a Reorganized Subsidiary Debtor, Reorganized Frontier Holdings shall be deemed to have made a direct capital contribution to the applicable Reorganized Subsidiary Debtor of an amount of Cash to be distributed to the Creditors of such Reorganized Debtor, but only at such time as, and to the extent that, such amounts are actually distributed to holders of Allowed Claims. Any distributions of Cash that revert to Reorganized Frontier Holdings or are otherwise cancelled (such as to the extent any distributions have not been claimed within one year or are forfeited pursuant to Section 7.2) shall revert solely in Reorganized Frontier Holdings and no other Reorganized Debtor shall have (nor shall it be considered to ever have had) any ownership interest in the amounts distributed.

(c) Allocation of Plan Distributions Between Principal and Interest

To the extent that any Allowed General Unsecured Claim entitled to a distribution under this Plan is based upon any obligation or instrument that is treated for U.S. federal income tax purposes as indebtedness of any Debtor and accrued but unpaid interest thereon, such distribution shall be allocated first to the principal amount of the Claim (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

(d) Compliance Matters

In connection with this Plan, each Debtor, each Reorganized Debtor and the Disbursing Agent shall comply with all tax withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all distributions hereunder shall be subject to such withholding and reporting requirements. Notwithstanding any provision in this Plan to the contrary, each Debtor, each Reorganized Debtor and the Disbursing Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements. For tax purposes, distributions received with respect to Allowed Claims shall be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on such Claims.

The Debtors reserve the right to allocate and distribute all distributions made under this Plan in compliance with all applicable wage garnishments, alimony, child support and other spousal awards, Liens and similar encumbrances.

(e) Foreign Currency Exchange Rate

As of the Effective Date, any General Unsecured Claim asserted in a currency other than U.S. dollars shall be automatically deemed converted to the equivalent U.S. dollar value using the exchange rate on the Petition Date, as quoted at 4:00 p.m., mid-range spot rate of exchange for the applicable currency as published in *The Wall Street Journal*, Eastern Edition, on the day after the Petition Date.

Section 7.4. Undeliverable or Non-Negotiated Distributions

If any distribution is returned as undeliverable, no further distributions to such Creditor shall be made unless and until the Disbursing Agent or the appropriate Servicer is notified in writing of such holder's then-current address, at which time the undelivered distribution shall be made to such holder without interest or dividends. Undeliverable distributions shall be returned to Reorganized Frontier Holdings until such distributions are claimed. All distributions under this Plan that remain unclaimed for one year after the relevant Distribution Date shall infeasibly revert to Reorganized Frontier Holdings. Upon such reversion, the relevant Allowed Claim (and any Claim on account of missed distributions) shall be automatically discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary.

Checks issued on account of Allowed Claims shall be null and void if not negotiated within 150 calendar days from and after the date of issuance thereof. Requests for reissuance of any check must be made directly and in writing to the Disbursing Agent by the holder of the relevant Allowed Claim within the 150-calendar-day period. After such date, the relevant Allowed Claim (and any Claim for reissuance of the original check) shall be automatically discharged and forever barred, and such funds shall revert to Reorganized Frontier Holdings, notwithstanding any federal or state escheat laws to the contrary.

Section 7.5. Claims Paid or Payable by Third Parties

(a) Claims Paid by Third Parties

To the extent a Creditor receives a distribution on account of a Claim and also receives payment from a party that is not a Debtor or a Reorganized Debtor on account of such Claim, such Creditor shall, within 30 calendar days of receipt thereof, repay and/or return the distribution to Reorganized Frontier Holdings, to the extent the Creditor's total recovery on account of such Claim from the third party and under this Plan exceeds the amount of the Claim as of the date of any such distribution under this Plan.

The Claims Agent shall expunge any Claim from the official claims register, without a claims objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court, to the extent that the Creditor receives payment in full on account of such Claim; *provided, however*, that to the extent the non-Debtor party making the payment is subrogated to the Creditor's Claim, the non-Debtor party shall have a 30-calendar-day grace period to notify the Claims Agent of such subrogation rights.

(b) Claims Payable by Third Parties

To the extent that one or more of the Debtors' insurers agrees to satisfy a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement, such Claim may be expunged (to the extent of any agreed-upon satisfaction) on the official claims register by the Claims Agent without a claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

**ARTICLE 8
FILING OF ADMINISTRATIVE CLAIMS**

Section 8.1. Professional Fee Claims

(a) Final Fee Applications

All final requests for payment of Professional Fee Claims must be filed with the Bankruptcy Court by the date that is 25 calendar days after the Effective Date. Such requests shall be filed with the Bankruptcy Court and served as required by the Case Management Order; *provided* that if any Professional is unable to file its own request with the Bankruptcy Court, such Professional may deliver an original, executed copy and an electronic copy to the Debtors' attorneys at least three Business Days prior to the deadline, and the Debtors' attorneys shall file such request with the Bankruptcy Court. The objection deadline relating to the final requests shall be 4:00 p.m. (prevailing Eastern Time) on the date that is 20 calendar days after the filing deadline. If no objections are timely filed and properly served in accordance with the Case Management Order with respect to a given request, or all timely objections are subsequently resolved, such Professional shall submit to the Bankruptcy Court for consideration a proposed order approving the Professional Fee Claim as an Allowed Administrative Claim in the amount requested (or otherwise agreed), and the order may be entered without a hearing or further notice to any party. The Allowed amounts of any Professional Fee Claims subject to unresolved timely objections shall be determined by the Bankruptcy Court at a hearing to be held no later than 30 calendar days after the objection deadline. Distributions on account of Allowed Professional Fee Claims shall be made promptly after such Claims become Allowed.

(b) Payment of Interim Amounts

Professionals shall be paid pursuant to the "Monthly Statement" process set forth in the Interim Compensation Order with respect to all calendar months ending prior to the Effective Date.

(c) Effective Date Fees

Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Debtors and Reorganized Debtors may employ and pay

all Professionals in the ordinary course of business without any further notice to, action by or order or approval of the Bankruptcy Court or any other party.

Section 8.2. Other Administrative Claims

(a) A notice setting forth the Other Administrative Claim Bar Date will be (i) filed on the Bankruptcy Court's docket and (ii) posted on the Debtors' case information website (located at www.frontier-restructuring.com). No other notice of the Other Administrative Claim Bar Date will be provided.

(b) All requests for payment of Other Administrative Claims that accrued on or before the Effective Date (other than Professional Fee Claims, which are subject to the provisions of Section 8.1 of this Plan) must be filed with the Claims Agent and served on counsel for the Debtors by the Other Administrative Claim Bar Date. Any requests for payment of Other Administrative Claims pursuant to this Section 8.2 that are not properly filed and served by the Other Administrative Claim Bar Date shall not appear on the register of claims maintained by the Claims Agent and shall be disallowed automatically without the need for any objection from the Debtors or the Reorganized Debtors or any action by the Bankruptcy Court.

(c) The Reorganized Debtors, in their sole and absolute discretion, may settle Other Administrative Claims in the ordinary course of business without further Bankruptcy Court approval.

(d) Unless the Debtors or the Reorganized Debtors object to a timely-filed and properly-served Other Administrative Claim by the Claims Objection Deadline, such Other Administrative Claim shall be deemed allowed in the amount requested. In the event that the Debtors or the Reorganized Debtors object to an Other Administrative Claim, the parties may confer to try to reach a settlement and, failing that, the Bankruptcy Court shall determine whether such Other Administrative Claim should be allowed and, if so, in what amount.

(e) Notwithstanding the foregoing, requests for payment of Other Administrative Claims need not be filed with respect to Other Administrative Claims that (i) are for goods and services provided to the Debtors in the ordinary course of such Debtors' business (and are not past due), (ii) previously have been Allowed by Final Order of the Bankruptcy Court, including the DIP Order, (iii) are for personal injury or wrongful death, (iv) are for Cure amounts, (v) are on account of post-petition taxes (including any related penalties or interest) owed by the Debtors or the Reorganized Debtors to any governmental unit (as defined in section 101(27) of the Bankruptcy Code) or (vi) the Debtors or the Reorganized Debtors have otherwise agreed in writing do not require such a filing.

ARTICLE 9 DISPUTED CLAIMS

Section 9.1. Objections to Claims

(a) The Reorganized Debtors shall have the sole authority to object to all Claims; *provided, however*, that the Reorganized Debtors shall not be entitled to object to any Claim that has been expressly allowed by Final Order or under this Plan. Any objections to Claims, shall be filed on the Bankruptcy Court's docket on or before the Claims Objection Deadline.

(b) Claims objections filed before, on or after the Effective Date shall be filed, served and administered in accordance with the Claims Objection Procedures Order, which shall remain in full force and effect; *provided, however*, that, on and after the Effective Date, filings and notices related to the Claims Objection Procedures Order need only be served on the relevant claimants and otherwise as required by the Case Management Order.

Section 9.2. Resolution of Disputed Claims

On and after the Effective Date, the Reorganized Debtors shall have the sole authority to litigate, compromise, settle, otherwise resolve or withdraw any objections to Claims and to compromise, settle or otherwise resolve any Disputed Claims without notice to or approval by the Bankruptcy Court or any other party; *provided, however*, that for so long as the Post-Effective Date Committee is in existence, if, in connection with a settlement, the Reorganized Debtors grant a Creditor an Allowed General Unsecured Claim in an amount exceeding \$500,000, then such settlement shall be effective upon (a) the Reorganized Debtors providing fax and email notice of the terms of such settlement to counsel to the Post-Effective Date Committee and (b) the Reorganized Debtors not actually receiving (in conformity with the Case Management Order) a written objection to such settlement by the day that is ten calendar days from the date the Reorganized Debtors provided such fax and email notice. If the Reorganized Debtors receive an objection from the Post-Effective Date Committee, the parties will confer in good faith and attempt to resolve any differences. Failing that, the Reorganized Debtors may petition the Court for approval of such settlement. An objection by the Post-Effective Date Committee with respect to a given settlement shall not delay the finality or effectiveness of any other settlement to which an objection has not timely been delivered.

Section 9.3. Estimation of Claims and Interests

The Debtors or the Reorganized Debtors may, in their sole and absolute discretion, determine, resolve and otherwise adjudicate Contingent Claims, Unliquidated Claims and Disputed Claims in the Bankruptcy Court or such other court of the Debtors' or the Reorganized Debtors choice having jurisdiction over the validity, nature or amount thereof. The Debtors or the Reorganized Debtors may at any time request that the Bankruptcy Court estimate any Contingent Claim, Unliquidated Claim or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code for any reason or purpose, regardless of whether any of the Debtors or the Reorganized Debtors have previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Contingent Claim, Unliquidated Claim or Disputed Claim, that estimated amount shall constitute the maximum limitation on such Claim and the Debtors or the Reorganized Debtors may pursue supplementary proceedings to object to the ultimate allowance of such Claim; *provided, however*, that such limitation shall not apply to Claims requested by the Debtors to be estimated for voting purposes only. All of the aforementioned objection, estimation and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court. Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such Claim unless the holder of such Claim has filed a motion requesting the right to seek such reconsideration on or before 20 calendar days after the date such Claim is estimated by the Bankruptcy Court.

Section 9.4. Payments and Distributions with Respect to Disputed Claims

(a) No Distributions Pending Allowance

Notwithstanding any other provision in this Plan, no payments or distributions shall be made with respect to a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order, and the Disputed Claim has become an Allowed Claim.

(b) Disputed Claims Reserve

The portion of the Class 3 Allocation that is not distributed on the Initial Distribution Date pursuant to Article 4 of this Plan shall be held in reserve (the "**Disputed Claims Reserve**") to be distributed (net of any expenses relating thereto, such expenses including any taxes imposed thereon or otherwise payable by the reserve) on the Interim Distribution Dates and the Final Distribution Date, as required by this Plan. The Disbursing Agent shall hold the Disputed Claims Reserve in a separate, interest bearing account for the sole benefit of holders of Allowed General Unsecured Claims and, pursuant to documents reasonably acceptable to the Creditors'

Committee that will be filed in a Plan Supplement, not available for the benefit of the Reorganized Debtors or their creditors. After all Disputed General Unsecured Claims have become either Allowed Claims or Disallowed Claims and all distributions required pursuant to Section 9.4(c) of this Plan have been made, the Disbursing Agent shall effect a final distribution of the Cash remaining in the Disputed Claims Reserve as required by this Plan.

Absent definitive guidance from the IRS or a contrary determination by a court of competent jurisdiction, the Disbursing Agent shall (i) treat the Disputed Claims Reserve as a disputed ownership fund for U.S. federal income tax purposes within the meaning of Treasury regulations section 1.468B-9(b)(1) and (ii) to the extent permitted by applicable law, report consistently with the foregoing characterization for state and local income tax purposes. All holders of Disputed General Unsecured Claims shall report, for income tax purposes, consistently with the foregoing.

(c) Distributions after Allowance

To the extent that a Disputed General Unsecured Claim becomes an Allowed Claim after the Effective Date, the Disbursing Agent will, out of the Disputed Claims Reserve, distribute to the holder thereof such Allowed Claim's Initial Pro Rata Share in accordance with Section 7.2(a), Section 9.6 and the other provisions of this Plan.

Section 9.5. No Amendments to Claims

On or after the Confirmation Date, the holder of a Claim (other than an Other Administrative Claim or a Professional Fee Claim) must obtain prior authorization from the Bankruptcy Court or the Debtors to file or amend a Claim. Any new or amended Claim (other than a Claim filed or amended, as applicable, by the Rejection Bar Date and related to an executory contract or unexpired lease rejected pursuant to this Plan or an order of the Bankruptcy Court) filed after the Confirmation Date without such prior authorization will not appear on the register of claims maintained by the Claims Agent and will be deemed disallowed in full and expunged without any action required of the Debtors or the Reorganized Debtors and without the need for any court order.

Section 9.6. No Interest

Other than as provided by section 506(b) of the Bankruptcy Code or as specifically provided for in this Plan, the Confirmation Order, the DIP Facility or a post-petition agreement in writing between the Debtors and the holder of a Claim, post-petition interest shall not accrue or be paid on Claims and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim, Interest or right. Additionally, and without limiting the foregoing, interest shall not accrue or be paid on any Disputed Claim with respect to the period from and after the Effective Date; *provided, however*, that nothing in this Section 9.6 shall limit any rights of any governmental unit (as defined in section 101(27) of the Bankruptcy Code) to interest under sections 503, 506(b), 1129(a)(9)(A) or 1129(a)(9)(C) of the Bankruptcy Code or as otherwise provided for under applicable law.

ARTICLE 10
EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Section 10.1. Rejection of Executory Contracts and Unexpired Leases

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each executory contract and unexpired lease to which any Debtor is a party shall be deemed automatically rejected by the Debtors effective as of the Effective Date, except for any executory contract or unexpired lease (i) that has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) that is the subject of a motion to assume or reject pending on the Confirmation Date, (iii) that is assumed, rejected or otherwise treated pursuant to Section 10.3 or Section 10.4 of this Plan, (iv) that is listed on Schedule 10.2(a) or 10.2(b) of this Plan or (v) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline. If an executory contract or unexpired lease either (x) has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date or (y) is the subject of a motion to assume or reject pending on the Confirmation Date, then the listing of any such executory contract or unexpired lease on the aforementioned schedules shall be of no effect.

Section 10.2. Schedules of Executory Contracts and Unexpired Leases

(a) Schedules 10.2(a) and 10.2(b) of this Plan shall be filed by the Debtors as specified in Section 16.5 of this Plan as Plan Supplements and shall represent the Debtors' then-current good faith belief regarding the intended treatment of all executory contracts and unexpired leases listed thereon. The Debtors reserve the right, on or prior to 3:00 p.m. on the Business Day immediately prior to the commencement of the Confirmation Hearing, (i) to amend Schedules 10.2(a) and 10.2(b) in order to add, delete or reclassify any executory contract or unexpired lease or amend a proposed assignment and (ii) to amend the Proposed Cure, in each case with respect to any executory contract or unexpired lease previously listed as to be assumed; *provided* that if the Confirmation Hearing is adjourned for a period of more than two consecutive calendar days, such amendment right shall be extended to 3:00 p.m. on the Business Day immediately prior to the rescheduled or continued Confirmation Hearing, and this proviso shall apply in the case of any and all subsequent adjournments of the Confirmation Hearing; *provided further* that with respect to Intercompany Contracts and agreements proposed to be rejected as of the above deadline, the Debtors reserve the right to make amendments at any time prior to Confirmation. Pursuant to sections 365 and 1123 of the Bankruptcy Code, and except with respect to executory contracts and unexpired leases as to which a Treatment Objection is properly filed and served by the Treatment Objection Deadline, (i) each of the executory contracts and unexpired leases listed on Schedule 10.2(a) shall be deemed assumed (and, if applicable, assigned) effective as of the Assumption Effective Date specified thereon and the Proposed Cure specified in the notice mailed to each Assumption Party shall be the Cure and shall be deemed to satisfy fully any obligations the Debtors might have with respect to such executory contract or unexpired lease under section 365(b) of the Bankruptcy Code and (ii) each of the executory contracts and unexpired leases listed on Schedule 10.2(b) shall be deemed rejected effective as of the Rejection Effective Date specified thereon.

(b) The Debtors shall file initial versions of Schedules 10.2(a) and 10.2(b) and any amendments thereto with the Bankruptcy Court and shall serve all notices thereof only on the relevant Assumption Parties and Rejection Parties. With respect to any executory contract or unexpired lease first listed on Schedule 10.2(b) later than the date that is 10 calendar days prior to the Voting Deadline, the Debtors shall use their best efforts to notify the applicable Rejection Party promptly of such proposed treatment via facsimile, email or telephone at any notice address or number included in the relevant executory contract or unexpired lease or as otherwise timely provided in writing to the Debtors by any such counterparty or its counsel.

(c) With respect to any executory contracts or unexpired leases first listed on Schedule 10.2(b) later than the date that is 10 calendar days before the Voting Deadline, affected Rejection Parties shall have five calendar days from the date of such amendment to Schedule 10.2(b) to object to Confirmation of this Plan. With respect to any executory contracts or unexpired leases first listed on Schedule 10.2(b) later than the date that is five calendar days prior to the Confirmation Hearing, affected Rejection Parties shall have until the Confirmation Hearing to object to Confirmation of this Plan.

(d) The listing of any contract or lease on Schedule 10.2(a) or 10.2(b) is not an admission that such contract or lease is an executory contract or unexpired lease. The Debtors reserve the right to assert that any of the agreements listed on Schedule 10.2(a) or 10.2(b) are not executory contracts or unexpired leases.

Section 10.3. Categories of Executory Contracts and Unexpired Leases To Be Assumed

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each of the executory contracts and unexpired leases within the following categories shall be deemed assumed as of the Effective Date (and the Proposed Cure with respect to each shall be zero dollars), except for any executory contract or unexpired lease (a) that has been previously assumed or rejected pursuant to an order of the Bankruptcy Court, (b) that is the subject of a motion to assume or reject pending on the Confirmation Date, (c) that is listed on Schedule 10.2(a) or 10.2(b), (d) that is otherwise expressly assumed or rejected pursuant to the terms of this Plan or (e) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline.

(a) Customer Programs, Foreign Agreements, Insurance Plans, Intercompany Contracts, Interline Agreements, Letters of Credit, Surety Bonds and Workers' Compensation Plans

Subject to the terms of the first paragraph of this Section 10.3, each Customer Program, Foreign Agreement, Insurance Plan, Intercompany Contract, Interline Agreement, Letter of Credit, Surety Bond and Workers' Compensation Plan shall be deemed assumed effective as of the Effective Date. Nothing contained in this Section 10.3(a) shall constitute or be deemed a waiver of any Cause of Action that the Debtors may hold against any entity, including, without limitation, the insurer under any of the Debtors' Insurance Plans. Except as provided in the previous sentence, all Proofs of Claim on account of or in respect of any agreement covered by

this Section 10.3(a) shall be deemed withdrawn automatically and without any further notice to or action by the Bankruptcy Court.

(b) Certain Indemnification Obligations

Each Indemnification Obligation to a director, officer or employee who was employed by any of the Debtors in such capacity on or after the Petition Date shall be deemed assumed effective as of the Effective Date; *provided* that any Indemnification Obligation contained in an Employee Agreement that is rejected pursuant to Section 10.4 shall also be deemed rejected. Each Indemnification Obligation that is deemed assumed pursuant to this Plan shall (i) remain in full force and effect, (ii) not be modified, reduced, discharged, impaired or otherwise affected in any way, (iii) be deemed and treated as an executory contract pursuant to sections 365 and 1123 of the Bankruptcy Code regardless of whether or not Proofs of Claim have been filed with respect to such obligations and (iv) survive Unimpaired and unaffected irrespective of whether such indemnification is owed for an act or event occurring before or after the Petition Date.

Notwithstanding anything contained in this Plan, the Reorganized Debtors may in their sole discretion (but have no obligation to) honor each Indemnification Obligation to a director, officer or employee that was no longer employed by any of the Debtors in such capacity on or after the Petition Date, unless such obligation (i) shall have been previously rejected by the Debtors by Final Order of the Bankruptcy Court, (ii) is the subject of a motion to reject pending on or before the Confirmation Date, (iii) is listed on Schedule 10.2(b) or (iv) is otherwise expressly rejected pursuant to the terms of this Plan or any Notice of Intent To Assume or Reject.

(c) Collective Bargaining Agreements

Subject to the terms of the first paragraph of this Section 10.3, each Collective Bargaining Agreement, as amended, shall be deemed assumed effective as of the Effective Date; *provided, however*, that nothing in this Section or otherwise in this Plan shall be deemed to effect an assumption of any employee benefit plan that previously was rejected, discontinued or terminated. Upon assumption of the Collective Bargaining Agreements, the following Proofs of Claim shall be deemed withdrawn, disallowed and forever barred from assertion automatically and without any further notice to or action, order or approval of the Bankruptcy Court: (i) all Proofs of Claim filed by the Debtors' Unions (except as set forth below) and (ii) all Proofs of Claim filed by Union-represented employees pertaining, in each case, to rights collectively bargained for or disposed of pursuant to the Collective Bargaining Agreements, including, without limitation, Claims on account of grievances, reinstatement and pension obligations; *provided, however*, that such treatment is without prejudice to the respective Union's pursuit, in the ordinary course, of pre-petition grievances pending on the Petition Date under the relevant assumed Collective Bargaining Agreement, where such grievances have not been otherwise settled; *provided further, however*, that the Debtors reserve the right to seek adjudication of any Collective Bargaining Agreement-related dispute that concerns distributions, Claims, restructuring transactions or other aspects of this Plan between the Debtors and the relevant Union in the Bankruptcy Court. Each Collective Bargaining Agreement assumed pursuant to this Section shall vest in and be fully enforceable by the applicable Reorganized Debtor in

accordance with its terms, except as modified by the provisions of this Plan or any order of the Bankruptcy Court previously entered with respect to such Collective Bargaining Agreement. Nothing contained in this Section 10.3 shall affect the treatment of any Claim to the extent (i) previously Allowed by a Final Order of the Bankruptcy Court or (ii) filed by the IBT and related to the Debtors' post-petition consensual and non-consensual modifications of the IBT Material Specialist Agreement or the IBT Maintenance Agreement; *provided* that the Debtors reserve all rights to object to any such Claims.

Section 10.4. Other Categories of Agreements and Policies

(a) Employee Agreements

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each Employee Agreement entered into prior to the Petition Date shall be deemed rejected effective as of the Effective Date, except for any Employee Agreement (i) that has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) that is the subject of a motion to assume or reject pending on the Confirmation Date, (iii) that is listed on Schedule 10.2(a) or 10.2(b) of this Plan, (iv) that is otherwise expressly assumed or rejected pursuant to the terms of this Plan or (v) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline. The assumption by the Debtors or the Reorganized Debtors or the agreement of the Debtors or the Reorganized Debtors to assume any Employee Agreement will not entitle any Person to any contractual right to any benefit or alleged entitlement under any of the Debtors' policies, programs or plans, except as to such individual and as expressly set forth in such Employee Agreement.

(b) Employee Benefits

As of the Effective Date, except with respect to Employee Agreements, and unless specifically listed on Schedule 10.2(a) or 10.2(b) or rejected or otherwise addressed by an order of the Bankruptcy Court (including, without limitation, by virtue of the Debtors having been granted the authority to terminate any such plan, policy, program or agreement or the Bankruptcy Court determining that the Debtors cannot successfully reorganize absent such termination), the Debtors and the Reorganized Debtors, in their sole and absolute discretion, may honor, in the ordinary course of business, the Debtors' written contracts, agreements, policies, programs and plans for, among other things, compensation, health care benefits, disability benefits, deferred compensation benefits, travel benefits (including retiree travel benefits), savings, severance benefits, retirement benefits, welfare benefits, relocation programs, life insurance and accidental death and dismemberment insurance, including written contracts, agreements, policies, programs and plans for bonuses and other incentives or compensation for the directors, officers and employees of any of the Debtors who served in such capacity at any time. To the extent that the above-listed contracts, agreements, policies, programs and plans are executory contracts, pursuant to sections 365 and 1123 of the Bankruptcy Code, unless a Treatment Objection is timely filed and properly served, each of them will be deemed assumed (as modified or terminated) as of the Effective Date with a Cure of zero dollars. However, notwithstanding

anything else herein, the assumed plans shall be subject to modification in accordance with the terms thereof at the discretion of the Reorganized Debtors.

Section 10.5. Assumption and Rejection Procedures and Resolution of Treatment Objections

(a) Proposed Assumptions

(i) With respect to any executory contract or unexpired lease to be assumed pursuant to any provision of this Plan (including Sections 10.2, 10.3, 10.4 or 10.5(d) hereof) or any Notice of Intent To Assume or Reject, unless an Assumption Party files and properly serves a Treatment Objection by the Treatment Objection Deadline, such executory contract or unexpired lease shall be deemed assumed and, if applicable, assigned as of the Assumption Effective Date proposed by the Debtors or Reorganized Debtors, without any further notice to or action by the Bankruptcy Court, and any obligation the Debtors or Reorganized Debtors may have to such Assumption Party with respect to such executory contract or unexpired lease under section 365(b) of the Bankruptcy Code shall be deemed to be fully satisfied by the Proposed Cure, if any, which shall be the Cure.

(ii) Any objection to the assumption or assignment of an executory contract or unexpired lease that is not timely filed and properly served shall be denied automatically and with prejudice (without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court), and any Claim relating to such assumption or assignment shall be forever barred from assertion and shall not be enforceable against any Debtor or Reorganized Debtor or their respective Estates or properties without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court, and any obligation the Debtors or the Reorganized Debtors may have under section 365(b) of the Bankruptcy Code (over and above any Proposed Cure) shall be deemed fully satisfied, released and discharged, notwithstanding any amount or information included in the Schedules or any Proof of Claim.

(b) Proposed Rejections

(i) With respect to any executory contract or unexpired lease to be rejected pursuant to any provision of this Plan (including Sections 10.1, 10.2, 10.4 or 10.5(d)) or any Notice of Intent To Assume or Reject, unless a Rejection Party files and properly serves a Treatment Objection by the Treatment Objection Deadline, such executory contract or unexpired lease shall be deemed rejected as of the Rejection Effective Date proposed by the Debtors or Reorganized Debtors without any further notice to or action by the Bankruptcy Court.

(ii) Any objection to the rejection of an executory contract or unexpired lease that is not timely filed and properly served shall be deemed denied automatically and

with prejudice (without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court).

(c) Resolution of Treatment Objections

(i) Both on and after the Effective Date, the Reorganized Debtors may, in their sole discretion, settle Treatment Objections without any further notice to or action by the Bankruptcy Court or any other party (including by paying any agreed Cure amount).

(ii) With respect to each executory contract or unexpired lease as to which a Treatment Objection is timely filed and properly served and that is not otherwise resolved by the parties, the Debtors, in consultation with the Bankruptcy Court, shall schedule a hearing on such Treatment Objection and provide at least 14-calendar-days' notice of such hearing to the relevant Assumption Party or Rejection Party; *provided* that if the Treatment Objection is not resolved by the parties after a reasonable period of time, the relevant Assumption Party or Rejection Party may, with prior notice to the Debtors, request that the Bankruptcy Court schedule such a hearing. Unless the Bankruptcy Court expressly orders or the parties agree otherwise, any assumption or rejection approved by the Bankruptcy Court notwithstanding a Treatment Objection shall be effective as of the Assumption Effective Date or Rejection Effective Date originally proposed by the Debtors or specified in this Plan.

(iii) Any Cure shall be paid as soon as reasonably practicable following the entry of a Final Order resolving an assumption dispute and/or approving an assumption (and, if applicable, assignment), unless the Debtors or Reorganized Debtors file a Notice of Intent To Assume or Reject under Section 10.5(d) below.

(iv) No Cure shall be allowed for a penalty rate or default rate of interest, each to the extent not proper under the Bankruptcy Code or applicable law.

(d) Reservation of Rights

If a Treatment Objection is filed with respect to any executory contract or unexpired lease sought to be assumed or rejected by any of the Debtors or the Reorganized Debtors, the Debtors and the Reorganized Debtors reserve the right (i) to seek to assume or reject such agreement at any time before the assumption, rejection, assignment or Cure, with respect to such agreement, is determined by Final Order and (ii) to the extent a Final Order is entered resolving a dispute as to Cure or the permissibility of assignment (but not approving the assumption of the executory contract or unexpired lease sought to be assumed), to seek to reject such agreement within 14 calendar days after the date of such Final Order, in each case by filing with the Bankruptcy Court and serving upon the applicable Assumption Party or Rejection Party, as the case may be, a Notice of Intent To Assume or Reject.

Section 10.6. Rejection Claims

Any Rejection Claim must be filed with the Claims Agent by the Rejection Bar Date. Any Rejection Claim for which a Proof of Claim is not properly filed and served by the Rejection Bar Date shall be forever barred and shall not be enforceable against the Debtors, the Reorganized Debtors or their respective Estates or properties. The Debtors or Reorganized Debtors may contest Rejection Claims in accordance with, and to the extent provided by, Section 9.1 of this Plan.

Section 10.7. Assignment

To the extent provided under the Bankruptcy Code or other applicable law, any executory contract or unexpired lease transferred and assigned pursuant to this Plan shall remain in full force and effect for the benefit of the transferee or assignee in accordance with its terms, notwithstanding any provision in such executory contract or unexpired lease (including those of the type described in section 365(b)(2) of the Bankruptcy Code) that prohibits, restricts or conditions such transfer or assignment. To the extent provided under the Bankruptcy Code or other applicable law, any provision that prohibits, restricts or conditions the assignment or transfer of any such executory contract or unexpired lease or that terminates or modifies such executory contract or unexpired lease or allows the counterparty to such executory contract or unexpired lease to terminate, modify, recapture, impose any penalty, condition renewal or extension or modify any term or condition upon any such transfer and assignment constitutes an unenforceable anti-assignment provision and is void and of no force or effect.

Section 10.8. Approval of Assumption, Rejection, Retention or Assignment of Executory Contracts and Unexpired Leases

(a) Entry of the Confirmation Order by the Bankruptcy Court shall, subject to the occurrence of the Effective Date, constitute approval of the rejections, retentions, assumptions and/or assignments contemplated by this Plan pursuant to sections 365 and 1123 of the Bankruptcy Code. Each executory contract and unexpired lease that is assumed pursuant to this Plan shall vest in and be fully enforceable by the applicable Reorganized Debtor in accordance with its terms as of the applicable Assumption Effective Date, except as modified by the provisions of this Plan, any order of the Bankruptcy Court authorizing or providing for its assumption or applicable federal law.

(b) The provisions (if any) of each executory contract or unexpired lease assumed and/or assigned pursuant to this Plan that are or may be in default shall be deemed satisfied in full by the Cure, or by an agreed-upon waiver of the Cure. Upon payment in full of the Cure, any and all Proofs of Claim based upon an executory contract or unexpired lease that has been assumed in the Chapter 11 Cases or under the terms of this Plan shall be deemed disallowed and expunged with no further action required of any party or order of the Bankruptcy Court.

Section 10.9. Modifications, Amendments, Supplements, Restatements or Other Agreements

(a) Unless otherwise provided by this Plan or by separate order of the Bankruptcy Court, each executory contract and unexpired lease that is assumed, whether or not such executory contract or unexpired lease relates to the use, acquisition or occupancy of real property, shall include (i) all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such executory contract or unexpired lease and (ii) all executory contracts or unexpired leases appurtenant to the premises, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements and any other interests in real estate or rights in remedy related to such premises, unless any of the foregoing agreements has been or is rejected pursuant to an order of the Bankruptcy Court or is otherwise rejected as part of this Plan.

(b) Modifications, amendments, supplements and restatements to pre-petition executory contracts and unexpired leases that have been executed by the Debtors during the Chapter 11 Cases and actions taken in accordance therewith, (i) do not alter in any way the pre-petition nature of the executory contract and unexpired leases, or the validity, priority or amount of any Claims against the Debtors that may arise under the same, (ii) are not and do not create post-petition contracts or leases, (iii) do not elevate to administrative expense priority any Claims of the counterparties to the executory contracts and unexpired leases against any of the Debtors and (iv) do not entitle any entity to a Claim under any section of the Bankruptcy Code on account of the difference between the terms of any pre-petition executory contracts or unexpired leases and subsequent modifications, amendments, supplements or restatements.

ARTICLE 11

PROVISIONS REGARDING CORPORATE GOVERNANCE OF THE REORGANIZED DEBTORS

Section 11.1. Corporate Action

(a) On the Effective Date, the adoption, filing, approval and ratification, as necessary, of all corporate or related actions contemplated hereby with respect to each of the Reorganized Debtors shall be deemed authorized and approved in all respects. Without limiting the foregoing, such actions may include: (i) the adoption and filing of the New Certificate of Incorporation, (ii) the adoption and filing of the Reorganized Subsidiary Debtors' Certificates of Incorporation, (iii) the approval of the New Bylaws, (iv) the approval of the Reorganized Subsidiary Debtors' Bylaws, (v) the election or appointment, as the case may be, of directors and officers for the Reorganized Debtors, (vi) the issuance of the New Common Stock, (vii) the Restructuring Transactions to be effectuated pursuant to this Plan, (viii) the adoption and/or implementation of the Compensation Programs and (ix) the qualification of any of the Reorganized Debtors as foreign corporations wherever the conduct of business by such entities requires such qualification.

(b) All matters provided for herein involving the corporate structure of any Debtor or any Reorganized Debtor, or any corporate action required by any Debtor or any Reorganized Debtor in connection with this Plan, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders or directors of such Debtor or Reorganized Debtor or by any other stakeholder.

(c) On or after the Effective Date, the appropriate officers of each Reorganized Debtor and members of the board of directors of each Reorganized Debtor are authorized and directed to issue, execute, deliver, file and record any and all agreements, documents, securities, deeds, bills of sale, conveyances, releases and instruments contemplated by this Plan in the name of and on behalf of such Reorganized Debtor and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

Section 11.2. Certificates of Incorporation and Bylaws

(a) The New Certificate of Incorporation and the New Bylaws shall be amended or deemed amended as may be required to be consistent with the provisions of this Plan, the Investment Agreement and the Bankruptcy Code and will be satisfactory to the Plan Sponsor. The New Certificate of Incorporation will be amended or deemed amended to, among other purposes, (i) authorize the New Common Stock; and (ii) pursuant to section 1123(a)(6) of the Bankruptcy Code, add (a) a provision prohibiting the issuance of non-voting equity securities to the extent required by section 1123(a)(6) of the Bankruptcy Code, and, if applicable, (b) a provision setting forth an appropriate distribution of voting power among classes of equity securities possessing voting power, including, in the case of any class of equity securities having a preference over another class of equity securities with respect to dividends, adequate provisions for the election of directors representing such preferred class in the event of default in the payment of such dividends. The New Certificate of Incorporation shall be filed as a Plan Supplement no later than 10 calendar days before the Voting Deadline. Any modification to the New Certificate of Incorporation as originally filed may be filed after the Confirmation Date and may become effective on or prior to the Effective Date.

(b) The Reorganized Subsidiary Debtors' Bylaws in effect prior to the Effective Date shall continue to be operative after the Effective Date. After the Effective Date, any of the Reorganized Debtors may file amended and restated certificates of incorporation (or other formation documents, if applicable) with the Secretary of State in any appropriate jurisdiction.

Section 11.3. Directors and Officers of the Reorganized Debtors

(a) On the Effective Date, the management, control and operation of each Reorganized Debtor shall become the general responsibility of the board of directors of such Reorganized Debtor.

(b) On the Effective Date, the term of the members of the Board shall expire and such members shall be replaced by the New Board. The classification and composition of the New Board shall be consistent with the New Certificate of Incorporation and the New Bylaws. By 10

calendar days prior to the Voting Deadline, the Debtors will disclose, pursuant to section 1129(a)(5) of the Bankruptcy Code, the identity and affiliations of the Persons proposed to serve on the New Board. The New Board members shall serve from and after the Effective Date in accordance with applicable non-bankruptcy law and the terms of the New Certificate of Incorporation and the New Bylaws.

(c) The members of the boards of directors of Frontier and Lynx prior to the Effective Date shall continue to serve in their current capacities after the Effective Date, except as specified by the Debtors in a Plan Supplement. The classification and composition of the boards of directors of the Reorganized Subsidiary Debtors shall be consistent with the Reorganized Subsidiary Debtors' Certificates of Incorporation and Reorganized Subsidiary Debtors' Bylaws. Each such director shall serve from and after the Effective Date in accordance with applicable non-bankruptcy law and the terms of the relevant Reorganized Debtor's constituent documents.

(d) Subject to any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, the principal officers of each Debtor immediately prior to the Effective Date will be the officers of such Reorganized Debtor as of the Effective Date, except as otherwise specified by the Debtors in a Plan Supplement. Each such officer shall serve from and after the Effective Date in accordance with applicable non-bankruptcy law and the terms of such Reorganized Debtor's constituent documents.

(e) Frontier Holdings will also disclose, by 10 calendar days prior to the Voting Deadline, the nature of the compensation payable to each Person proposed to serve on the New Board, as well as Reorganized Frontier Holdings' chief executive officer, chief financial officer and the three other most highly-compensated officers.

ARTICLE 12

EFFECT OF CONFIRMATION

Section 12.1. Vesting of Assets

Upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property of each of the Debtors shall vest in each of the respective Reorganized Debtors free and clear of all Claims, Liens, encumbrances, charges and other interests, except as otherwise specifically provided in this Plan. All Liens, Claims, encumbrances, charges and other interests shall be deemed fully released and discharged as of the Effective Date, except as otherwise provided in this Plan. As of the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire and dispose of property and settle and compromise Claims and Interests without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code.

Section 12.2. Releases and Discharges

The releases and discharges of Claims and Causes of Action described in this Plan, including releases by the Debtors and by holders of Claims, constitute good faith compromises and settlements of the matters covered thereby and are consensual. Such compromises and settlements are made in exchange for consideration and are in the best interest of holders of Claims, are fair, equitable, reasonable and are integral elements of the resolution of the Chapter 11 Cases in accordance with this Plan. Each of the discharge, release, indemnification and exculpation provisions set forth in this Plan (a) is within the jurisdiction of the Bankruptcy Court under sections 1334(a), 1334(b) and 1334(d) of title 28 of the United States Code, (b) is an essential means of implementing this Plan pursuant to section 1123(a)(5) of the Bankruptcy Code, (c) is an integral element of the transactions incorporated into this Plan, (d) confers material benefit on, and is in the best interests of, the Debtors, their Estates and their Creditors, (e) is important to the overall objectives of this Plan to finally resolve all Claims among or against the parties-in-interest in the Chapter 11 Cases with respect to the Debtors and (f) is consistent with sections 105, 1123, 1129 and other applicable provisions of the Bankruptcy Code.

Section 12.3. Discharge and Injunction

Except as otherwise specifically provided herein or in the Confirmation Order, the rights afforded in this Plan and the payments and distributions to be made hereunder shall discharge all existing debts and Claims, and shall terminate all Interests of any kind, nature or description whatsoever against or in the Debtors or any of their assets or properties to the fullest extent permitted by section 1141 of the Bankruptcy Code. Except as otherwise specifically provided herein or in the Confirmation Order, upon the Effective Date, all existing Claims against the Debtors and Interests in the Debtors shall be, and shall be deemed to be, discharged and terminated, and all holders of Claims and Interests (and their respective representatives, trustees or agents) shall be precluded and enjoined from asserting against the Reorganized Debtors, their successors or assignees, or any of their assets or properties, any other or further Claim or Interest based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder has filed a Proof of Claim and whether or not the facts or legal bases therefore were known or existed prior to the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims against, liabilities of and Interests in the Debtors, subject to the occurrence of the Effective Date.

Upon the Effective Date and in consideration of the distributions to be made hereunder, except as otherwise provided herein, each holder (as well as any representatives, trustees or agents on behalf of each holder) of a Claim or Interest and any Affiliate of such holder shall be deemed to have forever waived, released and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Interests, rights and liabilities that arose prior to the Effective Date. Upon the Effective Date, all such persons shall be forever precluded and enjoined,

pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or terminated Interest in the Debtors.

Except as otherwise expressly provided in this Plan, all persons or entities who have held, hold or may hold Claims or Interests and all other parties in interest, along with their respective present or former employees, agents, officers, directors, principals, representatives and Affiliates, are permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim (including, without limitation, a Securities Litigation Claim) or Interest against the Debtors, the Reorganized Debtors or property of any Debtors or Reorganized Debtors, other than to enforce any right to a distribution pursuant to this Plan, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors, the Reorganized Debtors or property of any Debtors or Reorganized Debtors, other than to enforce any right to a distribution pursuant to this Plan, (iii) creating, perfecting or enforcing any Lien or encumbrance of any kind against the Debtors or Reorganized Debtors or against the property or interests in property of the Debtors or Reorganized Debtors, other than to enforce any right to a distribution pursuant to this Plan or (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors or Reorganized Debtors or against the property or interests in property of the Debtors or Reorganized Debtors, with respect to any such Claim or Interest. Such injunction shall extend to any successors or assignees of the Debtors and Reorganized Debtors and their respective properties and interest in properties.

Section 12.4. Term of Injunction or Stays

Unless otherwise provided herein, any injunction or stay arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code or otherwise that is in existence on the Confirmation Date shall remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

Section 12.5. Exculpation

Pursuant to this Plan, none of the Debtors, Reorganized Debtors, the Creditors' Committee, the DIP Agent, the DIP Lenders, the Plan Sponsor, the Indenture Trustee, the FAPA Released Parties, the TWU Released Parties, the IBT Released Parties or any of their respective Affiliates, members, officers, directors, employees, advisors, actuaries, accountants, attorneys, financial advisors, investment bankers, consultants, professionals or agents, shall have or incur any liability to any holder of a Claim or Interest for any act or omission in connection with, related to or arising out of, the Chapter 11 Cases, the negotiation of any settlement or agreement in the Chapter 11 Cases, the pursuit of confirmation of this Plan, the consummation of this Plan, the preparation and distribution of the Disclosure Statement, the offer, issuance and distribution of any securities issued or to be issued pursuant to this Plan or the administration of this Plan or the property to be

distributed under this Plan, except for willful misconduct, ultra vires acts or gross negligence.

Section 12.6. Release by the Debtors

Pursuant to this Plan, as of the Effective Date, the Debtors, their Estates and the Reorganized Debtors release all of the Released Parties (defined below) from any and all Causes of Action (other than the rights of the Debtors or the Reorganized Debtors to enforce this Plan and the Plan Documents including contracts, instruments, releases, indentures and other agreements or documents delivered thereunder, and those Causes of Action expressly retained by the Debtors or the Reorganized Debtors under this Plan) held by, assertable on behalf of, or derivative from the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, based on or relating to or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in this Plan, the business or contractual arrangements between any Debtor and any Released Party relating to the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of this Plan and Disclosure Statement, or related agreements, instruments or other documents, which Causes of Action are based in whole or in part on any act, omission, transaction, event or other occurrence (except for willful misconduct, ultra vires acts, or gross negligence) taking place before the Effective Date. For the purposes of this Plan, "Released Parties" means all present and former officers and directors of any of the Debtors, all present and former members of the Creditors' Committee, the DIP Agent, the DIP Lenders, the Plan Sponsor, the Indenture Trustee, the FAPA Released Parties, the TWU Released Parties, the IBT Released Parties and/or any of their or the Debtors' respective Affiliates, members, officers, directors, employees, advisors, actuaries, attorneys, financial advisors, investment bankers, professionals or agents; *provided, however*, that if any Released Party directly or indirectly brings or asserts any claim or Cause of Action in any way arising out of or related to any document or transaction that was in existence prior to the Effective Date against the Debtors, the Reorganized Debtors or any of their respective Affiliates, officers, directors, members, employees, advisors, actuaries, attorneys, financial advisors, investment bankers, professionals or agents, then the release set forth in this Section 12.6 (but not any release or indemnification or any other rights or claims granted under any other section of this Plan or under any other document or agreement) shall automatically and retroactively be null and void *ab initio* with respect to such Released Party; *provided further* that the immediately preceding clause shall not apply to the prosecution in the Bankruptcy Court (or any appeal therefrom) of the amount, priority or secured status of any pre-petition or ordinary course administrative Claim against the Debtors, in which case, however, the Debtors shall retain all defenses related to such prosecution.

Section 12.7. Voluntary Releases by the Holders of Claims and Interests

Except as otherwise specifically provided in this Plan, for good and valuable consideration, on and after the Effective Date, holders of Claims that (a) vote to accept or reject this Plan and (b) do not elect (as permitted on the Ballots) to opt out of the releases contained in this paragraph, shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever, released and discharged the Released Parties from any and all Causes of Action whatsoever, including derivative Claims asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in this Plan, the business or contractual arrangements between any Debtor and any Released Party relating to the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of this Plan and Disclosure Statement, or related agreements, instruments or other documents, which Causes of Action are based in whole or in part on any act, omission, transaction, event or other occurrence (except for willful misconduct, ultra vires acts, or gross negligence) taking place before the Effective Date. The vote or election of a trustee or other agent under this paragraph acting on behalf of or at the direction of a holder of a Claim shall bind such holder to the same extent as if such holder had itself voted or made such election. A holder of a Claim who does not cast a Ballot or who is not entitled to cast a Ballot will be deemed to have opted out of the releases set forth in this paragraph.

Section 12.8. Setoff and Recoupment

The Debtors and Reorganized Debtors may, but shall not be required to, setoff or recoup against any Claim and any distribution to be made on account of such Claim, any and all claims, rights and Causes of Action of any nature that the Debtors or the Reorganized Debtors may have against the holder of such Claim pursuant to the Bankruptcy Code or applicable non-bankruptcy law; *provided, however*, that neither the failure to effect such a setoff or recoupment nor the allowance of any Claim hereunder shall constitute a waiver, abandonment or release by the Debtors or the Reorganized Debtors of any such claims, rights and Causes of Action that the Debtors or the Reorganized Debtors may have against the holder of such Claim.

Section 12.9. Avoidance Actions

On the Effective Date, the Reorganized Debtors shall be deemed to waive and release all avoidance and recovery actions other than those listed on Schedule 12.9, provided that the Reorganized Debtors shall retain the right to assert such avoidance actions or recovery actions as defenses or counterclaims in any Cause of Action brought by any creditor. The Reorganized Debtors shall retain the right, after the Effective Date, to prosecute any of the avoidance or recovery actions listed on Schedule 12.9.

Section 12.10. Preservation of Causes of Action

(a) Except as expressly provided in this Article 12, nothing contained in this Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any rights or Causes of Action that the Debtors or the Reorganized Debtors may have or that the Debtors or the Reorganized Debtors may choose to assert on behalf of their respective Estates under any provision of the Bankruptcy Code or any applicable non-bankruptcy law, including, without limitation, (i) any and all Causes of Action or Claims against any person or entity, to the extent such person or entity asserts a crossclaim, counterclaim and/or claim for setoff that seeks affirmative relief against the Debtors, the Reorganized Debtors, their officers, directors or representatives or (ii) the turnover of any property of the Debtors' Estates. A non-exclusive list of retained Causes of Action is attached to this Plan as Schedule 12.10.

(b) Except as set forth in this Article 12, nothing contained in this Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any rights or Causes of Action that the Debtors had immediately prior to the Petition Date or the Effective Date against or with respect to any Claim left Unimpaired by this Plan. The Reorganized Debtors shall have, retain, reserve and be entitled to assert all such rights and Causes of Action as fully as if the Chapter 11 Cases had not been commenced, and all of the Reorganized Debtors' legal and equitable rights respecting any Claim left Unimpaired by this Plan may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced.

Section 12.11. Compromise and Settlement of Claims and Controversies

Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to this Plan, the provisions of this Plan shall constitute a good faith compromise of all Claims, Causes of Action and controversies relating to the contractual, legal and subordination rights that a holder of a Claim may have with respect to any Allowed Claim, or any distribution to be made on account of such an Allowed Claim. Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the benefits provided under this Plan and as a mechanism to effect a fair distribution of value to the Debtors' constituencies, except as set forth in this Plan, the provisions of this Plan shall also constitute a good faith compromise of all Claims, Causes of Action and controversies by any Debtor against any other Debtor. In each case, the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims or controversies and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtors, their Estates, and the holders of such Claims and is fair, equitable, and reasonable. In accordance with the provisions of this Plan, pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice or action, order or approval of the Bankruptcy Court, the Debtors may compromise and settle Claims against them and Causes of Action against other Entities, in their sole and absolute discretion, and after the Effective Date, such right shall pass to the Reorganized Debtors.

ARTICLE 13
CONDITIONS PRECEDENT TO EFFECTIVENESS OF THE PLAN

Section 13.1. Conditions to Effectiveness

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in accordance with Section 13.2 of this Plan.

(a) The Confirmation Order, in form and substance acceptable to the Debtors, shall have been entered;

(b) All actions, documents and agreements necessary to implement this Plan shall have been effected or executed as determined by the Debtors in their sole and absolute discretion, except where the Plan Sponsor expressly has consent rights hereunder;

(c) The Debtors shall have received any authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions or documents that are necessary to implement this Plan and that are required by law, regulation or order, in each case as determined by the Debtors in their sole and absolute discretion;

(d) Each of the New Certificate of Incorporation, the New Bylaws, the Reorganized Subsidiary Debtors' Certificates of Incorporation and the Reorganized Subsidiary Debtors' Bylaws, each in form and substance acceptable to the Debtors, will be in full force and effect as of the Effective Date; and

(e) All conditions precedent to the closing under the Investment Agreement shall have been satisfied or waived in accordance with the terms thereof and the closing under the Investment Agreement shall have occurred.

Section 13.2. Waiver of Conditions to Confirmation or Effectiveness

Subject to the terms and conditions of the Investment Agreement, the Debtors, in their sole and absolute discretion, but after consultation with the Creditors' Committee, may waive any of the conditions set forth in Section 13.1 hereof at any time, without any notice to parties-in-interest or the Bankruptcy Court and without any formal action other than proceeding to confirm and/or consummate this Plan. Subject to the terms and conditions of the Investment Agreement, the failure to satisfy any condition to the Confirmation Date or the Effective Date may be asserted by the Debtors, in their sole and absolute discretion, as a reason not to seek Confirmation or declare an Effective Date, regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Debtors in their sole discretion). The failure of the Debtors, in their sole discretion, to exercise any of the foregoing rights shall not be deemed a waiver of any other rights and each such right shall be deemed an ongoing right, which may be asserted at any time.

ARTICLE 14
MODIFICATION, REVOCATION OR WITHDRAWAL OF THE PLAN

Section 14.1. Plan Modifications

(a) Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, and those restrictions on modifications set forth in this Plan, the Debtors may alter, amend or modify this Plan, without additional disclosure pursuant to section 1125 of the Bankruptcy Code. After the Confirmation Date and prior to substantial consummation of this Plan, the Debtors may institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in this Plan, the Disclosure Statement or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes and effects of this Plan.

(b) Prior to the Effective Date, the Debtors may make appropriate adjustments and modifications to this Plan without further order or approval of the Bankruptcy Court, *provided* that such adjustments and modifications do not materially and adversely affect the treatment of holders of Claims or Interests.

Section 14.2. Revocation or Withdrawal of the Plan and Effects of Non-Occurrence of Confirmation or Effective Date

The Debtors reserve the right to revoke, withdraw or delay consideration of this Plan prior to the Confirmation Date, either entirely or with respect to any one or more of the Debtors, and to file subsequent amended plans of reorganization. If this Plan is revoked, withdrawn or delayed with respect to fewer than all of the Debtors, such revocation, withdrawal or delay shall not affect the enforceability of this Plan as it relates to the Debtors for which this Plan is not revoked, withdrawn or delayed. If the Debtors revoke or withdraw this Plan in its entirety, if Confirmation does not occur or if the Effective Date does not occur on or prior to 60 calendar days after the Confirmation Date (and the Debtors file a notice of revocation on the Bankruptcy Court's docket), then, without further order of the Bankruptcy Court, (a) this Plan shall be null and void in all respects, (b) any settlement or compromise not previously approved by Final Order of the Bankruptcy Court embodied in this Plan (including the fixing or limiting to an amount certain any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts or leases effected by this Plan and any document or agreement executed pursuant hereto, shall be deemed null and void and (c) nothing contained in this Plan shall (i) constitute a waiver or release of any Claims by or against, or any Interests in, such Debtors or any other Person; (ii) prejudice in any manner the rights of such Debtors or any other Person or (iii) constitute an admission of any sort by the Debtors or any other Person. In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting executory contracts or unexpired leases.

ARTICLE 15
RETENTION OF JURISDICTION BY THE BANKRUPTCY COURT

On and after the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction, to the fullest extent permissible under law, over all matters arising out of and related to the Chapter 11 Cases for, among other things, the following purposes:

(a) To hear and determine all matters with respect to the assumption or rejection of executory contracts or unexpired leases and the allowance of Cure amounts and Claims resulting therefrom;

(b) To hear and determine any motion, adversary proceeding, application, contested matter or other litigated matter pending on or commenced after the Confirmation Date;

(c) To hear and determine all matters with respect to the allowance, disallowance, liquidation, classification, priority or estimation of any Claim;

(d) To ensure that distributions to holders of Allowed Claims are accomplished as provided herein;

(e) To hear and determine all applications for compensation and reimbursement of Professional Fee Claims;

(f) To hear and determine any application to modify this Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in this Plan, the Disclosure Statement or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

(g) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of this Plan, the Investment Agreement, the Confirmation Order, any transactions or payments contemplated hereby or any agreement, instrument or other document governing or relating to any of the foregoing;

(h) To issue injunctions, enter and implement other orders and take such other actions as may be necessary or appropriate to restrain interference by any person with the consummation, implementation or enforcement of this Plan, the Confirmation Order or any other order of the Bankruptcy Court;

(i) To issue such orders as may be necessary to construe, enforce, implement, execute, and consummate this Plan;

(j) To enter, implement or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified or vacated;

(k) To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code (including the expedited determination of tax under section 505(b) of the Bankruptcy Code);

(l) To hear and determine any other matters related to this Plan and not inconsistent with the Bankruptcy Code;

(m) To determine any other matters that may arise in connection with or are related to this Plan, the Disclosure Statement, the Approval Order, the Confirmation Order, any of the Plan Documents or any other contract, instrument, release or other agreement or document related to this Plan, the Disclosure Statement or the Plan Supplements;

(n) To recover all assets of the Debtors and property of the Debtors' Estates, wherever located;

(o) To hear and determine all disputes involving the existence, nature or scope of the Debtors' discharge, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;

(p) To the fullest extent permitted by law, to hear and determine any rights, Claims or Causes of Action held by or accruing to the Debtors or the Reorganized Debtors pursuant to the Bankruptcy Code or pursuant to any federal or state statute or legal theory;

(q) To enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Cases with respect to any Person;

(r) To hear any other matter not inconsistent with the Bankruptcy Code; and

(s) To enter a final decree closing the Chapter 11 Cases.

Unless otherwise specifically provided herein or in a prior order of the Bankruptcy Court, the Bankruptcy Court shall have exclusive jurisdiction to hear and determine disputes concerning Claims.

ARTICLE 16 MISCELLANEOUS

Section 16.1. Exemption from Transfer Taxes and Recording Fees

Pursuant to section 1146(a) of the Bankruptcy Code, none of the issuance, Transfer or exchange of notes or equity securities under this Plan, the creation, the filing or recording of any mortgage, deed of trust or other security interest, the making, assignment, filing or recording of any lease or sublease, the transfer of title to or ownership of any of the Debtors' interests in any property, including aircraft, aircraft equipment or spare parts, or the making or delivery of any

deed, bill of sale or other instrument of transfer under, in furtherance of, or in connection with this Plan, including, without limitation, the New Common Stock or agreements of consolidation, deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under this Plan, shall be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, Cape Town Filing or recording fee, FAA filing or recording fee or other similar tax or governmental assessment in the United States. The Confirmation Order shall direct the appropriate federal, state and/or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

Section 16.2. Expedited Tax Determination

The Reorganized Debtors may request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all returns filed for or on behalf of such Debtors or Reorganized Debtors for all taxable periods through the Effective Date.

Section 16.3. Payment of Statutory Fees

All fees payable pursuant to section 1930(a) of title 28 of the United States Code, as determined by the Bankruptcy Court, shall be paid for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed or closed, whichever occurs first.

Section 16.4. Committees

(a) Upon the Effective Date, the Creditors' Committee and all other statutory committees appointed in the Chapter 11 Cases shall dissolve automatically, and their members shall be released and discharged from all rights, duties, responsibilities and liabilities arising from, or related to, the Chapter 11 Cases and under the Bankruptcy Code, except with respect to applications for professional fees or reimbursement of expenses incurred as a member of the Creditors' Committee.

(b) On the Effective Date, there shall be formed a Post-Effective Date Committee (the "**Post-Effective Date Committee**") with its duties expressly limited to the oversight of certain actions of the Reorganized Debtors as set forth in Section 9.2 hereof. The Post-Effective Date Committee shall consist of not more than three members to be appointed by and from the Creditors' Committee and may adopt by-laws governing its conduct. The Post-Effective Date Committee may employ, without further order of the Court, Professionals to assist it in carrying out its duties as limited above, including any Professionals retained by the Creditors' Committee. The Post-Effective Date Committee members shall serve without compensation. The Post-Effective Date Committee shall be reimbursed by the Reorganized Debtors in the ordinary course of business for its members' reasonable, actual, and documented out-of-pocket expenses incident to the performance of such members' duties, and its Professionals shall be compensated and reimbursed by the Reorganized Debtors in the ordinary course of business for their

reasonable, actual and documented fees and out-of-pocket expenses; *provided* that the aggregate amount of fees and expenses to be incurred by the Post-Effective Date Committee, its members and its Professionals that any of the Reorganized Debtors shall be obligated to pay or reimburse shall not exceed the Post-Effective Date Committee Expense Cap. Unless the Post-Effective Date Committee votes to disband earlier, the existence of the Post-Effective Date Committee, and all powers associated therewith, shall terminate on the earlier of (i) the date on which the Reorganized Debtors reasonably estimate that there are no remaining Disputed General Unsecured Claims that will ultimately be Allowed in an amount exceeding \$500,000 and (ii) the date on which the Reorganized Debtors shall have paid or reimbursed the Post-Effective Date Committee, its members and its Professionals in an aggregate amount equal to the Post-Effective Date Committee Expense Cap.

Section 16.5. Plan Supplements

Draft forms of certain Plan Documents and certain other documents, agreements, instruments, schedules and exhibits specified in this Plan shall, where expressly so provided for in this Plan, be contained in Plan Supplements filed from time to time, all of which shall be filed with the Bankruptcy Court no later than 10 calendar days prior to the Voting Deadline. Unless otherwise expressly provided in this Plan, the Debtors shall, in their sole discretion, though after consultation with the Creditors' Committee remain free to modify or amend any such documents after such date. Upon filing with the Bankruptcy Court, the Plan Supplements may be inspected in the office of the clerk of the Bankruptcy Court during normal court hours. Holders of Claims or Interests may also obtain a copy of the Plan Supplements on the Debtors' case information website (located at www.frontier-restructuring.com) or the Bankruptcy Court's website (located at www.nysb.uscourts.gov).

Section 16.6. Claims Against Other Debtors

Nothing in this Plan or the Disclosure Statement or any document or pleading filed in connection therewith shall constitute or be deemed to constitute an admission that any of the Debtors are subject to or liable for any Claim against any other Debtor.

Section 16.7. Substantial Consummation

On the Effective Date, this Plan shall be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

Section 16.8. Acceptances Solicited in Good Faith

As of and subject to the occurrence of the Confirmation Date: (a) the Debtors shall be deemed to have solicited acceptances of this Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including, without limitation, section 1125(e) of the Bankruptcy Code, and any applicable non-bankruptcy law, rule or regulation governing the adequacy of disclosure in connection with such solicitation and (b) the Debtors and each of their respective Affiliates, agents, directors, officers, employees, advisors and attorneys shall be

deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of any securities under this Plan and, therefore, are not, and on account of such offer, issuance and solicitation will not be, liable at any time for any violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of this Plan or the offer and issuance of any securities under this Plan.

Section 16.9. Severability

In the event that any term or provision of this Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Debtors, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

Section 16.10. Governing Law

Except to the extent that the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent an exhibit or schedule hereto, or Plan Documents provides otherwise, the rights, duties and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflict of laws thereof.

Section 16.11. Binding Effect

This Plan shall be binding upon and inure to the benefit of the Debtors, the Reorganized Debtors, all present and former holders of Claims or Interests and their respective heirs, executors, administrators, successors and assigns.

Section 16.12. Notices

To be effective, any notice, request or demand to or upon the Debtors or the Reorganized Debtors must be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually received and confirmed as received by:

Frontier Airlines Holdings, Inc.
7001 Tower Road
Denver, Colorado 80249
Attn: General Counsel
Telephone: (720) 374-4000
Facsimile: (720) 374-4200

with a copy to:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
Attn: Marshall S. Huebner
Telephone: (212) 450-4000
Facsimile: (212) 450-6501

Section 16.13. Reservation of Rights

Except as expressly set forth herein, this Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. Prior to the Effective Date, none of the filing of this Plan, any statement or provision contained herein or the taking of any action by the Debtors with respect to this Plan shall be or shall be deemed to be an admission or waiver of any rights of the Debtors of any kind, including with respect to the holders of Claims or Interests or as to any treatment or classification of any contract or lease.

Section 16.14. Further Assurances

The Debtors, Reorganized Debtors and all Creditors receiving distributions hereunder and all other parties in interest may and shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of this Plan.

Section 16.15. Case Management Order

Except as otherwise provided herein, the Case Management Order shall remain in full force and effect, and all "Court Papers" (as defined in the Case Management Order) shall be filed and served in accordance with the procedures set forth in the Case Management Order; *provided* that on and after the Effective Date, "Court Papers" (as defined in the Case Management Order) need only be served on (i) the chambers of the Honorable Robert D. Drain, One Bowling Green, New York, NY 10004-1408;³ (ii) the counsel to the Reorganized Debtors, Davis Polk &

³ In the event that the address for the chambers of the Honorable Robert D. Drain changes, the Debtors will file a notice of such change on the Bankruptcy Court's docket and post such notice on the Debtors' case information website (located at www.frontier-restructuring.com).

Wardwell LLP, 450 Lexington Avenue, New York, NY 10017, Attn: Marshall S. Huebner; (iii) conflicts counsel to the Reorganized Debtors, Togut, Segal & Segal, LLP, One Penn Plaza, New York, NY 10119, Attn: Albert Togut; and (iv) Epiq Bankruptcy Solutions, LLC, 757 Third Avenue, New York, NY 10017, Attn: Frontier Team; *provided further* that final requests for payment of Professional Fee Claims filed pursuant to Section 8.1(a) of this Plan (and all “Court Papers” related thereto) shall also be served on the United States Trustee, 33 Whitehall Street, Suite 2100, New York, NY 10004, Attn: Brian Masumoto.

Dated: July 22, 2009
New York, New York

Respectfully submitted,

FRONTIER AIRLINES HOLDINGS, INC.
FRONTIER AIRLINES, INC.

By: /s/ Edward M. Christie, III
Name: Edward M. Christie, III
Title: Senior Vice President and Chief
Financial Officer

LYNX AVIATION, INC.

By: /s/ Matthew R. Henry
Name: Matthew R. Henry
Title: Corporate Secretary

APPENDIX B

LIQUIDATION ANALYSIS

**Consolidated Hypothetical Liquidation Analysis for
Frontier Airlines Holdings, Inc. and its Subsidiaries
(UNAUDITED)**

**ASSETS & ESTIMATED REALIZATION
(Hypothetical Liquidation Date Assumed to be April 30, 2009)**

	Net Book Value as of 4/30/09 (in millions) (unless noted)	Forced Liquidation Value		Orderly Liquidation Value	
		Estimated Value	Estimated Realized %	Estimated Value	Estimated Realized %
1 Cash and cash equivalents	\$ 49.1	\$ 49.1	100.0%	\$ 49.1	100.0%
2 Restricted cash and investments	166.4	-	0.0%	-	0.0%
3 Trade receivable, net	37.6	2.8	7.5%	5.6	15.0%
4 Prepaid expenses and other current assets	18.0	-	0.0%	0.9	5.0%
5 Fuel inventory and prepaid fuel	9.3	7.4	80.0%	8.4	90.0%
6 Inventories, net	7.6	1.8	24.0%	1.8	24.0%
7 Assets held for sale	0.7	2.2	299.7%	2.2	299.7%
8 Security and other deposits	30.8	-	0.0%	-	0.0%
9 Flight equipment and spare parts, net	580.1	432.0	74.5%	453.4	78.2%
10 Ground support equipment and tooling	7.9	19.7	249.2%	19.7	249.2%
11 Aircraft pre-delivery payments	7.8	-	0.0%	-	0.0%
12 Deferred loan costs	5.4	-	0.0%	-	0.0%
13 Deferred expenses and credits	0.1	-	0.0%	-	0.0%
14 Intangible assets	-	19.7	Not Meaningful	19.7	Not Meaningful
15 Other property & equipment, net	19.7	1.0	5.0%	2.0	10.0%
Total Assets/Proceeds (A)	\$ 940.6	\$ 535.7	57.0%	\$ 562.8	59.8%

ASSUMED LIQUIDATION COSTS

	Forced Liquidation Value		Orderly Liquidation Value	
	Estimated Value	% of Estimated Proceeds	Estimated Value	% of Estimated Proceeds
16 Professional Fees (including possible fiduciary fees)	17.5	3.3%	22.0	3.9%
17 Wind-down Fees (including salaries for remaining employees)	8.0	1.5%	11.3	2.0%
Total Assumed Liquidation Costs (B)	\$ 25.5		\$ 33.3	
Amounts Available to Creditors (A-B)	\$ 510.2		\$ 529.5	

	Estimated Allowed Claims	Forced Liquidation Value		Orderly Liquidation Value	
		Estimated Value	Estimated Realized %	Estimated Value	Estimated Realized %
Amounts Available to Satisfy Claims		\$ 510.2		\$ 529.5	
18 Secured Claims					
18.1 Aircraft related	380.7	380.7	100.0%	380.7	100.0%
18.2 Other secured claims	15.0	15.0	100.0%	15.0	100.0%
Amounts Available to Other Creditors Following Satisfaction of Secured Claims		\$ 114.5		\$ 133.8	
Amounts Available to Satisfy Claims		\$ 114.5		\$ 133.8	
19 Superpriority Claims					
19.1 Debtor-in-Possession Financing	40.5	40.5	100.0%	40.5	100.0%
19.2 Carve-out for unpaid professional fees	13.0	13.0	100.0%	13.0	100.0%
Amounts Available to Other Creditors Following Satisfaction of Secured and Superpriority Claims		\$ 61.0		\$ 80.3	

**Consolidated Hypothetical Liquidation Analysis for
Frontier Airlines Holdings, Inc. and its Subsidiaries
(UNAUDITED)**

	Estimated Allowed Claims	Forced Liquidation Value		Orderly Liquidation Value	
		Estimated Value	Estimated Realized %	Estimated Value	Estimated Realized %
Amounts Available to Satisfy Remaining Claims		\$ 61.0		\$ 80.3	
20 Administrative Claims					
20.1 Unpaid payroll and benefits	18.5	6.0	32.2%	7.8	42.3%
20.2 Passenger and other taxes not subject to set-off with Restricted Cash Accounts	0.7	0.2	32.2%	0.3	42.3%
20.3 Post-Petition Air Traffic Liability Not Subject to Restricted Cash Offset	22.0	7.1	32.2%	9.3	42.3%
20.4 Other unpaid post-petition operating expenses	50.7	16.3	32.2%	21.5	42.3%
20.5 Reclamation and administrative claims pursuant to Section 503(b)(9)	11.0	3.5	32.2%	4.7	42.3%
20.6 WARN Act claims	40.6	13.1	32.2%	17.2	42.3%
21 Administrative Claims (Assumed Contract Rejections)					
21.1 Aircraft return condition obligations	19.2	6.2	32.2%	8.1	42.3%
21.2 Unpaid post-petition use of leased aircraft	2.7	0.9	32.2%	1.1	42.3%
21.3 Airport authorities and other real estate	19.4	6.2	32.2%	8.2	42.3%
21.4 Aircraft manufacturer contract rejection claims (i.e. Airbus, Bombardier)	5.0	1.6	32.2%	2.1	42.3%
Amounts Available to Creditors Following Satisfaction of Secured, Superpriority and Administrative Claims		\$ -		\$ -	

	Estimated Allowed Claims	Forced Liquidation Value		Orderly Liquidation Value	
		Estimated Value	Estimated Realized %	Estimated Value	Estimated Realized %
Amounts Available to Satisfy Other Claims		\$ -		\$ -	
22 Priority Claims					
22.1 Accrued Vacation (earned 180 days prior to filing)	3.5	-	Not Meaningful	-	Not Meaningful
22.2 Accrued Health Claims	0.4	-	Not Meaningful	-	Not Meaningful
22.3 Property Taxes and Other Taxes Due	16.5	-	Not Meaningful	-	Not Meaningful
Amounts Available to Unsecured Creditors Following Satisfaction of Secured, Superpriority, Administrative and Priority Claims		\$ -		\$ -	

	Estimated Allowed Claims	Forced Liquidation Value		Orderly Liquidation Value	
		Estimated Value	Estimated Realized %	Estimated Value	Estimated Realized %
Amounts Available to Satisfy Unsecured Claimants		\$ -		\$ -	
23 General Unsecured Claims (Known Claimants)					
23.1 Convertible Note (including accrued interest)	93.5	-	Not Meaningful	-	Not Meaningful
23.2 Republic Contract Rejection	150.0	-	Not Meaningful	-	Not Meaningful
23.3 Pre-petition payables and accrued expenses	25.6	-	Not Meaningful	-	Not Meaningful
23.4 Pre-petition estimated rejection damage claims	43.8	-	Not Meaningful	-	Not Meaningful
24 Additional General Unsecured Claims (Expected in Liquidation)					
24.1 Aircraft Rejection/Deficiency Claims	242.7	-	Not Meaningful	-	Not Meaningful
24.2 Other executory contract rejection claims	25.0	-	Not Meaningful	-	Not Meaningful
Hypothetical Recovery for Unsecured Creditors		\$ -	Not Meaningful	\$ -	Not Meaningful

LIQUIDATION ANALYSIS

ASSUMPTIONS TO ACCOMPANY HYPOTHETICAL LIQUIDATION ANALYSIS

A. Introduction and Reservations

In connection with the Plan and Disclosure Statement, the following hypothetical liquidation analysis (the “**Liquidation Analysis**” or the “**Analysis**”) has been prepared by the Debtors’ management with the assistance of the Debtors’ advisors. Capitalized terms used but not otherwise defined herein have the meanings given to such terms in the Disclosure Statement to which this Appendix is attached.

This Liquidation Analysis indicates the values that might be obtained by classes of Claims upon the disposition of assets, pursuant to liquidation, as an alternative to continued operations. The Liquidation Analysis is based upon the assumptions discussed below and should be read in conjunction with the Plan and the Disclosure Statement.

The Debtors, with the assistance of their financial advisors, have prepared this Liquidation Analysis for the purpose of evaluating whether the Plan meets the so-called “best interests” test under section 1129(a)(7) of the Bankruptcy Code. The Liquidation Analysis has been prepared assuming hypothetically that the Debtors’ Chapter 11 Cases were converted to chapter 7 proceedings under the Bankruptcy Code as of April 30, 2009 (the “**Liquidation Date**”) and their assets were to be liquidated.¹ A chapter 7 trustee (“**Trustee**”) would be appointed to commence the liquidation of all of the Debtors’ assets. To maximize recovery, the liquidation is assumed to occur over a 12- to 18-month period (the “**Wind-Down Period**”), with the majority of the asset sales occurring between months 6 and 12.

The Liquidation Analysis is based on the unaudited book values of the Debtors’ assets and liabilities as of April 30, 2009, unless otherwise stated, and these book values are assumed to be representative of the Debtors’ assets and liabilities as of the Liquidation Date. The Liquidation Analysis does not include recoveries resulting from any potential preference claims, fraudulent conveyance litigation or other avoidance actions.

The Liquidation Analysis represents an estimate of recovery values and percentages based upon hypothetical liquidations whereby assets would be converted into cash. We have provided a range of values for each balance sheet line item set forth in the attached analysis, with the low end of the range assuming a forced liquidation scenario and the high end of the range assuming an orderly liquidation scenario. The determination of the hypothetical proceeds from the liquidation of assets is an uncertain process involving the extensive use of estimates and assumptions that, although considered reasonable by Management, are inherently subject to significant business, economic and competitive uncertainties and contingencies beyond the control of the Debtors and its Management. ACCORDINGLY, NEITHER THE DEBTORS

¹ The Analysis is based on the unaudited monthly financial statements of the Debtors as of April 30, 2009. The Debtors and their advisors believe that estimates based on the audited financial statements as of March 31, 2009 would not differ materially from those set forth in this Analysis.

NOR ITS ADVISORS MAKE ANY REPRESENTATION OR WARRANTY REGARDING THE ACCURACY OF THE ESTIMATES AND ASSUMPTIONS OR A TRUSTEE'S ABILITY TO ACHIEVE FORECASTED RESULTS. IN THE EVENT THE CHAPTER 11 CASES WERE CONVERTED TO CHAPTER 7, ACTUAL RESULTS COULD VARY MATERIALLY FROM THE ESTIMATES AND PROJECTIONS SET FORTH IN THE LIQUIDATION ANALYSIS.

The Liquidation Analysis indicates the estimated values that might be obtained upon disposition of assets pursuant to a hypothetical chapter 7 liquidation, as an alternative to continued operation of the Debtors' businesses as proposed under the Plan. Accordingly, values discussed herein are different than amounts referred to in the Plan, which illustrates the value of the Debtors' businesses on a going concern basis. The Analysis assumes that all operations of the Debtors would cease immediately upon liquidation, all Debtors would liquidate simultaneously and the Debtors' assets would be disposed of primarily through sale, liquidation and/or termination, as appropriate, including the liquidation of the assets of Lynx Aviation, as opposed to its sale as a going concern.

In preparing the Liquidation Analysis, the Debtors have projected an amount of Allowed Claims based upon their business judgment and their review of the most recently available scheduled Claims and Proofs of Claims associated with pre-petition and post-petition obligations. Additional claims were estimated to include certain post-petition obligations on account of which Claims have not been asserted, but which would be asserted in a hypothetical chapter 7 liquidation. The Debtors estimate that these potential Claims would include unused tickets, employee-related obligations, deficiency claims, certain lease rejection claims and other Allowed Claims. No Order or finding has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the estimated amounts of Allowed Claims set forth in the Analysis. In addition, in the event litigation were necessary to resolve Claims asserted in a chapter 7 liquidation, the delay could be prolonged and Claims could further increase. The effects of this delay on the value of distributions under the hypothetical liquidation have not been considered. THE ESTIMATE OF THE AMOUNT OF ALLOWED CLAIMS SET FORTH IN THE LIQUIDATION ANALYSIS SHOULD NOT BE RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING, WITHOUT LIMITATION, ANY DETERMINATION OF THE VALUE OF ANY DISTRIBUTION TO BE MADE ON ACCOUNT OF ALLOWED CLAIMS UNDER A PLAN OF REORGANIZATION. THE ACTUAL AMOUNT OF ALLOWED CLAIMS COULD MATERIALLY DIFFER FROM THE AMOUNT OF CLAIMS ESTIMATED IN THE ANALYSIS. THE RECOVERIES WILL ALSO CHANGE BASED ON FURTHER REFINEMENTS OF ALLOWED CLAIMS AS THE DEBTORS' CLAIM OBJECTION AND RECONCILIATION PROCESS CONTINUES. THE DEBTORS EXPRESSLY DISCLAIM ANY OBLIGATION OR INTENTION TO UPDATE THIS LIQUIDATION ANALYSIS AFTER THE DATE HEREOF ON ANY BASIS (INCLUDING NEW OR DIFFERENT INFORMATION RECEIVED AND/OR ERRORS DISCOVERED).

B. Assumptions and Notes

The Liquidation Analysis refers to certain categories of Assets, liquidation costs, and Claims. The following notes describe significant assumptions associated within each category.

Assets

1. **Cash and cash equivalents** includes cash in the Debtors' bank accounts, cash equivalents and short-term investments with original maturity of less than three months, as of the Liquidation Date. Total Cash and cash equivalents on the Debtors' Monthly Operating Report as of April 30, 2009 is \$70.0 million; however, this Liquidation Analysis reclassifies \$20.9 million into Restricted Cash. The reclassified amount represents amounts collected in trust for federal and state employee taxes, passenger taxes and other "trust-fund" fiduciary obligations. The estimated recovery from this category of assets, as adjusted, is 100% in both a forced and orderly liquidation scenario.

2. **Restricted cash and investments** includes restricted use cash and investments, amounting to \$145.5 million as of the Liquidation Date as well as the \$20.9 million reclassified from Cash and cash equivalents. Primary components of restricted use cash include cash collateral held by the Debtors' credit card processors and cash collateral posted for trust taxes. It is assumed that there will be no recovery on the cash collateral held by the credit card processors, as this collateral will be used to refund customers' unused tickets.

Cash collateral accumulated in trust would be used to satisfy any associated liabilities. The remaining balance, if any, would be available for distribution. For purposes of this Analysis, it is assumed that there will not be any surplus of funds available for such distribution.

Following is a detailed breakdown of the restricted use cash and investments amount:

Reserves for ticket sales	\$137.2
Held in trust	20.9
Securing letters of credit	4.9
Other	<u>3.4</u>
Total Restricted use cash and investments	\$166.4

The estimated recovery from this category of assets is 0% in both a forced and orderly liquidation scenario.

3. **Trade receivables, net** includes amounts owed to the Debtors by various parties, categorized into three main groups: Traffic, airport authorities and other. Traffic receivables primarily include receivables from the Airlines Clearing House ("ACH"), the International Air Transport Association ("IATA") Clearing House, domestic and international travel agency, credit card and cargo sales. It is assumed that a portion of the traffic receivables will be used to offset unused ticket claims by customers and the Debtors' unused ticket liability. Airport authority receivables include amounts owed for end of year audit and/or retail revenue credits. Other receivables include primarily maintenance reserve and affinity card receivables.

As of the Liquidation Date, it is estimated that total Trade receivables, net, amount to \$37.6 million. No recovery is expected with respect to \$19.4 million in Trade receivables, net due to this amount being offset against the Debtors' air traffic liability. The remaining receivables of \$18.2 million are further broken down as follows:

Cargo	\$ 1.4
Maintenance Reserves	0.8
Other	<u>16.0</u>
Total Net Receivables	\$18.2

Much of the above remaining receivables are potentially eligible for setoff against other amounts owed or contract damage claims. The Debtors estimate that the recovery from this category of assets is 7.5% in a forced liquidation scenario and 15% in an orderly liquidation scenario.

4. **Prepaid expense and other current assets** includes items such as insurance premiums, advance rent payments and selling costs such as global distribution system and credit card fees and other items utilized to represent the difference between cash and accounting treatment of expenses. The Debtors expect that the probability of recovering from this category of assets is low. Some of these prepayments would likely be consumed during the Wind-Down Period and other amounts likely would be offset against other obligations. The Debtors estimate that the recovery from this category of assets is 0.0% in a forced liquidation scenario and 5.0% in an orderly liquidation scenario.

5. **Fuel inventory and prepaid fuel** includes jet fuel held by the Debtors at their primary bases of operation or deposits with fuel vendors for future fuel deliveries. Although marketability for prepaid fuel is similar to fuel inventory, the recovery for prepaid fuel is estimated to be comparatively lower because there could be greater costs incurred in connection with the sale of undelivered inventory. The estimated recovery from this category of assets is estimated at 80% in a forced liquidation scenario and 90% in an orderly liquidation scenario.

6. **Inventories, net** primarily includes expendable inventory items to support the Airbus fleet, uniforms and passenger related convenience items (*e.g.*, headsets for DIRECTV). Estimated recovery for the expendable inventory is based on the American Appraisers appraisal report. The Debtors estimate that there will not be a recovery for other inventory related items due to limited marketability given their customized nature. The total estimated recovery from this category of assets is estimated at 24.0%.

7. **Assets held for sale** includes assets currently subject to consignment agreements. Estimates for recovery are based on the appraisal report of American Appraisers. The total estimated recovery from this category of assets is estimated at 299.7% as the assets have been depreciated below their estimated market value.

8. **Security and other deposits** includes security deposits on leased aircraft, premiums for fuel hedging activity and other miscellaneous deposits. No recovery is assigned to these deposits as it is expected that such deposits will be offset against other obligations owed, including but not limited to aircraft lease rejection damage claims.

9. **Flight equipment and spare parts, net** includes owned aircraft, rotatable spare parts and leasehold improvements on leased aircraft. As of the Liquidation Date, the Debtors owned twenty-nine aircraft, all of which were in regular revenue service, and an inventory of rotatable spare parts. The Debtors' and their advisors' knowledge of the airline industry were relied upon to determine an orderly liquidation value for the aircraft. The estimated recovery for spare parts was based on the American Appraisers appraisal report. No recovery is expected for leasehold improvements as such improvements contractually accrue for the benefit of the lessor. The estimated recovery from this category of assets is estimated at 74.5% in a forced liquidation scenario and 78.2% in an orderly liquidation scenario.

10. **Ground support equipment and tooling** includes equipment to support the Debtors' operations in Denver as well as a number of other airport locations. Such equipment includes vehicles, ground power units, tugs, tow bars and maintenance tooling to support the heavy maintenance operation in Denver. The estimated recovery for the ground support equipment was based on the American Appraisers appraisal report. The total estimated recovery from this category of assets is estimated at 249.2% in both a forced and orderly liquidation scenario, as the assets have been depreciated below their estimated market value.

11. **Aircraft pre-delivery payments** includes payments made to airframe and engine manufacturers to secure positions for the future delivery of aircraft on order with the manufacturer. No recovery is assigned to these payments since it is expected that such deposits will be offset against other obligations owed, including, but not limited to, contract rejection damage claims.

12. **Deferred loan costs** includes up-front payments related to certain financing that is accounted for over the life of such financings. No recovery is assigned to this category as it merely represents accounting treatment of already incurred costs.

13. **Deferred expenses and credits** include credits from Airbus for ongoing training requirements. No recovery is assigned to this category due to the expected offset of remaining credits against other amounts owed.

14. **Intangible assets** include gates and arrival and departure slots, the Debtors' operating certificates, the Q400 Option Aircraft and the Debtors' Early Returns Frequent Flyer Program. These assets are not included on the Debtors' April 30, 2009 general ledger. The estimated recovery for the gates and arrival and departure slots is based on the American Appraisers appraisal report. The Debtors' and their advisors' knowledge of the airline industry were relied upon to determine recovery for the Debtors' operating certificate of Lynx Aviation and the Q400 Option Aircraft. No recovery is assigned to the Frontier operating certificate. It is possible that there is a recovery value for the Early Returns Frequent Flyer Program; however, a valuation has not been performed for the purpose of the Analysis. It is the Debtors' belief that any value ascribed would not materially alter the results of the Analysis.

15. **Other property & equipment, net** includes furniture and fixtures, computer equipment and software, telecom equipment, signage, construction in progress and leasehold improvements.

The estimated recovery from this category of assets is estimated at 5% in a forced liquidation scenario and 10% in an orderly liquidation scenario.

Liquidation Costs

Costs specifically related to the liquidation of individual assets and all other costs associated with the liquidation will be included in Liquidation Costs, except where noted. The Liquidation Costs include the following:

16. **Professional Fees** include estimated expenses associated with the wind-down of the estates (*e.g.*, liquidation and recovery of assets and claims reconciliation). For purposes of this Analysis the Debtors estimate these Claims at 3.3% and 3.9% of asset recovery in a forced liquidation scenario and an orderly liquidation scenario, respectively.

17. **Wind-Down Expenses** includes estimated expenses incurred during the Wind-Down Period, related primarily to employee wages and benefits for personnel employed during the Wind-Down Period, aircraft parking and transportations costs, auction fees and general overhead costs. For purposes of this Analysis, the Debtors estimate these Claims at 1.5% and 2.0% of asset recovery in a forced liquidation scenario and an orderly liquidation scenario, respectively.

Claims

18. **Secured Claims**

18.1 – Aircraft related includes claims secured by certain aircraft and spare parts. The Allowed Claim amount is equal to the principal and accrued interest outstanding as of the Liquidation Date. For purposes of this Analysis, the Allowed Claim is less than the value of the underlying collateral and no unsecured claims will be created from the liquidation of the collateral.

18.2 – Other secured claims includes a \$15.0 million financing facility with West LB secured by spare parts.

19. **DIP Repayment.** In a liquidation scenario, the Debtors' debtor-in-possession lender would have a senior secured and joint and several super-priority claim against each of the Debtors for the outstanding balance of the Debtors' Replacement DIP Facility, subject to an agreed carve-out of \$13 million for unpaid professional fees.

20. **Administrative Claims** includes claims arising during the Chapter 11 case. Significant categories in this class include estimates for post-petition employee wages and benefits, trade payables, unused tickets, accrued aircraft rent and interest, taxes, reclamation claims, claims arising from goods delivered in the 20 days prior to filing and claims arising under Section 1110 agreements. The Debtors' have also included an estimate for potential Administrative Claims related to return conditions on leased aircraft. While the Debtors do not believe there is merit to any claims for the diminution in value for aircraft not subject to post-petition consensual agreements with the Debtors, such claims, if allowed, would be classified as Administrative Expense Claims. In addition, the Debtors have included a claim for WARN Act notice to employees estimated at \$40.6 million.

21. **Administrative Claims (Assumed Contract Rejections)**

The Debtors estimate that \$19.3 million in return condition obligations would be classified as administrative claims pursuant to the Section 1110(a) elections. A portion of this amount may be offset by maintenance reserve amounts currently held by the Lessor; however for purposes of this Analysis this offset is not being reflected in an attempt to capture unknown expenses which may be incurred once an aircraft redelivery process commences.

In addition, various executory contracts have been assumed throughout the Debtors' Chapter 11 cases including real property leases subject to Section 365(d)(4). Also, the Debtors have entered into new contracts that would be terminated in the event of a liquidation. The Debtors have estimated the resulting damage claim that might be asserted in the event such contracts are terminated or rejected.

22. **Priority Claims** includes pre-petition tax authority claims, accrued vacation for employees and accrued health insurance related items.

23. **General Unsecured Claims** includes estimated allowed claims associated with the convertible note, the Republic contract rejection, pre-petition accounts payables and allowed general unsecured claims pursuant to already rejected/restructured executory contracts. In addition, in a liquidation, additional claims for aircraft lease rejection claims and executory contract rejection claims will arise. Significant categories of expected claims are Aircraft Deficiency Claims (if any), maintenance contract rejection claims, information technology contract rejection claims and any employee claim that exceeds the Priority Claim cap per individual. Aircraft lease rejection claims included in General Unsecured Claims are estimated at the stipulated loss values assigned to each respective lease aircraft less an estimate of the current market value of such aircraft as if liquidated pursuant to an aircraft sale.

APPENDIX C

FINANCIAL PROJECTIONS

Introduction¹

The following financial projections for the consolidated Reorganized Debtors (“**Consolidated Financial Projections**”) are based on forecasts of operating results during the period ending March 31, 2014 (the “**Projection Period**”). These Financial Projections include actual financial results for the Fiscal Years ending March 31, 2008 and 2009; and projected financial results for each of the years ending March 31, 2010, 2011, 2012, 2013 and 2014. Also attached are the notes and assumptions to the Financial Projections (in each case, the “**Notes**”). The Financial Projections and the Notes should be read in conjunction with the Plan and the Disclosure Statement.

The Debtors, with the assistance of their financial advisors, have prepared these Financial Projections to assist the Bankruptcy Court in determining whether the Plan meets the “feasibility test” of section 1129(a)(11) of the Bankruptcy Code.

The Debtors generally do not publish their business plans, strategies, projections or anticipated financial position or results of operations. Accordingly, the Debtors do not anticipate that they will, and disclaim any obligation to, furnish updated business plans or projections to holders of Claims or Interests, or to include such information in documents required to be filed with the Securities and Exchange Commission or otherwise make public such information. Furthermore, although the Debtors used reasonable best efforts to prepare the Consolidated Financial Projections, the Debtors cannot be certain that no errors were made, and the Debtors disclaim any obligation to correct any errors made at any time.

THE FINANCIAL PROJECTIONS HAVE BEEN PREPARED BY THE MANAGEMENT OF THE DEBTORS, IN CONJUNCTION WITH THE DEBTORS’ FINANCIAL ADVISORS, SEABURY SECURITIES, LLC. THE FINANCIAL PROJECTIONS WERE NOT PREPARED TO COMPLY WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OR THE RULES AND REGULATIONS OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, AND BY THEIR NATURE ARE NOT FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA.

THE DEBTORS’ INDEPENDENT ACCOUNTANTS HAVE NEITHER EXAMINED NOR COMPILED THE ACCOMPANYING FINANCIAL PROJECTIONS AND ACCORDINGLY DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT TO THE FINANCIAL PROJECTIONS, DO NOT ASSUME RESPONSIBILITY FOR THE FINANCIAL PROJECTIONS AND DISCLAIM ANY ASSOCIATION WITH THE FINANCIAL PROJECTIONS.

¹ Capitalized terms used but not otherwise defined herein have the meanings given to such terms in the Disclosure Statement to which this Appendix is attached.

THE FINANCIAL PROJECTIONS DO NOT REFLECT THE IMPACT OF FRESH START REPORTING IN ACCORDANCE WITH AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS STATEMENT OF POSITION 90-7, "FINANCIAL REPORTING BY ENTITIES IN REORGANIZATION UNDER THE BANKRUPTCY CODE." THE IMPACT OF FRESH START REPORTING, WHEN REFLECTED AT THE EFFECTIVE DATE, IS EXPECTED TO HAVE A MATERIAL IMPACT ON THE REORGANIZED DEBTORS' CONSOLIDATED BALANCE SHEETS AND PROSPECTIVE RESULTS OF OPERATIONS.

THE FINANCIAL PROJECTIONS CONTAIN CERTAIN STATEMENTS THAT ARE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS AND THE REORGANIZED DEBTORS, INCLUDING THE CONFIRMATION OF THE PLAN ON THE PRESUMED EFFECTIVE DATE, THE CONTINUING AVAILABILITY OF SUFFICIENT BORROWING CAPACITY OR OTHER FINANCING TO FUND OPERATIONS, ACHIEVING OPERATING EFFICIENCIES, FLUCTUATIONS IN FUEL PRICE, TERMS AND CONDITIONS OF NEW CREDIT FACILITIES (IF ANY), MAINTAINING GOOD EMPLOYEE RELATIONS, EXISTING AND FUTURE GOVERNMENTAL REGULATIONS AND ACTIONS OF GOVERNMENTAL BODIES, ACTS OF TERRORISM OR WAR, INDUSTRY-SPECIFIC RISK FACTORS (INCLUDING AS DETAILED IN THE DISCLOSURE STATEMENT IN THE SECTION ENTITLED "RISKS RELATING TO THE DEBTORS' BUSINESS AND FINANCIAL CONDITION") AND OTHER MARKET AND COMPETITIVE CONDITIONS. HOLDERS OF CLAIMS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS, AND THE DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS.

THE FINANCIAL PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY THE DEBTORS, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS AND THE REORGANIZED DEBTORS. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE OR ARE MADE AS TO THE ACCURACY OF THE FINANCIAL PROJECTIONS OR TO THE REORGANIZED DEBTORS' ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL BE INCORRECT. MOREOVER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE FINANCIAL PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A

MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE DEBTORS AND REORGANIZED DEBTORS DO NOT INTEND AND DO NOT UNDERTAKE ANY OBLIGATION TO UPDATE OR OTHERWISE REVISE THE FINANCIAL PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE THESE FINANCIAL PROJECTIONS ARE INITIALLY FILED OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. THEREFORE, THE FINANCIAL PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS OR INTERESTS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE FINANCIAL PROJECTIONS.

THESE FINANCIAL PROJECTIONS WERE DEVELOPED SOLELY FOR PURPOSES OF THE FORMULATION AND NEGOTIATION OF THE PLAN AND TO ENABLE THE HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE UNDER THE PLAN TO MAKE AN INFORMED JUDGMENT ABOUT THE PLAN AND SHOULD NOT BE USED OR RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING THE PURCHASE OR SALE OF SECURITIES OF, OR CLAIMS OR INTERESTS IN, THE DEBTORS OR ANY OF THEIR AFFILIATES.

Supplemental Defined Terms

ASM shall mean available seat miles.

Early Returns® shall refer to the frequent flyer program of Frontier Airlines, Inc..

PRASM shall mean passenger revenue per available seat mile.

General Assumptions In The Financial Projections And The Notes

The Financial Projections have been prepared on the assumption that the Effective Date is September 30, 2009. The Consolidated Financial Projections are based on, and assume, among other things, the successful reorganization of the Debtors, the equity investment by the Plan Sponsor and implementation of the Reorganized Debtors' emergence business plan. Although the Debtors presently intend to cause the Effective Date to occur as soon as practical following Confirmation of the Plan, there can be no assurance as to when the Effective Date will actually occur. If the Effective Date is delayed, the Debtors will continue to incur reorganization costs, which may be significant.

Reclassification of Amounts

Certain items have been reclassified from other publicly available documents, including the Debtors' Annual Report on Form 10-K, to conform to the presentation of the financial projections presented in this document.

Projected Consolidated Statements of Operations ⁽¹⁾
(unaudited)
(in millions)

<u>Consolidated Income Statement</u>	Actual		Forecast				
	Year Ending March 31,						
	2008	2009	2010	2011	2012	2013	2014
Consolidated Operating Revenues							
Passenger Revenue	\$1,237.2	\$1,208.4	\$1,068.7	\$1,162.0	\$1,241.3	\$1,311.4	\$1,410.4
Other Revenue	48.6	63.5	99.1	101.7	106.5	109.8	115.7
Capacity Sale	-	-	0.8	27.4	37.4	37.5	37.7
Total	\$1,285.8	\$1,271.9	\$1,168.6	\$1,291.1	\$1,385.2	\$1,458.7	\$1,563.8
Consolidated Operating Expenses							
Flight Ops	\$182.2	\$165.1	\$161.5	\$172.6	\$189.4	\$199.7	\$208.6
Fuel	456.5	515.3	339.2	390.0	421.2	444.4	479.1
AC Rent	116.1	115.6	113.0	113.5	121.7	125.4	128.7
Maintenance	104.7	95.3	98.4	126.5	157.8	168.7	164.8
Aircraft and Traffic Servicing	187.7	182.3	186.5	192.6	202.8	212.1	225.3
Promotion & Sales	131.6	100.9	105.8	109.1	113.3	117.0	122.8
General and Administrative	62.5	56.5	58.4	65.1	71.7	75.5	78.8
D&A	41.3	41.0	38.2	45.6	50.3	53.1	58.1
Other	8.0	-	-	-	-	-	-
Total	\$1,290.7	\$1,271.9	\$1,101.1	\$1,214.9	\$1,328.1	\$1,395.8	\$1,466.2
Consolidated Operating Income / (Loss)	(\$5.0)	(\$0.0)	\$67.6	\$76.2	\$57.1	\$62.9	\$97.5
Discontinued Operations	(\$33.0)	(\$9.2)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Consolidated Non-Operating Income / (Loss)							
Interest Income	\$12.0	\$4.1	\$1.6	\$2.2	\$2.5	\$2.8	\$3.4
Interest Expense	(36.4)	(29.3)	(21.3)	(16.1)	(20.0)	(19.5)	(20.6)
Other	2.0	(211.9)	249.3	(1.9)	(0.7)	(0.7)	(0.7)
Profit Sharing	-	-	(6.7)	(8.8)	(5.4)	(6.3)	(11.5)
Total	(\$22.4)	(\$237.2)	\$222.9	(\$24.5)	(\$23.4)	(\$23.7)	(\$29.2)
Consolidated Pre-Tax Income / (Loss)	(\$60.4)	(\$246.3)	\$290.5	\$51.7	\$33.7	\$39.2	\$68.3
Consolidated Income Tax Expense / (Benefit)	(\$0.1)	\$1.8	\$0.0	\$17.9	\$12.6	\$14.7	\$25.6
Consolidated Net Income / (Loss)	(\$60.3)	(\$248.2)	\$290.5	\$33.8	\$21.0	\$24.5	\$42.7

(1) Certain items have been reclassified from other publicly available documents, including the Debtors' Annual Report on Form 10-K, to conform to the presentation of the financial projections presented in this document.

Please read in conjunction with associated Notes.

Projected Consolidated Balance Sheets ⁽²⁾
(unaudited)
(in millions)

<u>Balance Sheet</u>	Actual		Forecast				
	March 31,						
	2008	2009	2010	2011	2012	2013	2014
Current Assets							
Cash & Short-Term Investments	\$129.3	\$71.8	\$50.1	\$68.5	\$76.7	\$85.9	\$140.9
Restricted Cash	74.1	134.4	154.0	166.8	181.6	199.5	208.0
Accounts Receivable	57.7	40.5	41.9	44.9	45.3	45.6	45.7
Other Current Assets	45.1	33.4	33.5	33.5	33.5	33.5	33.5
Total	\$306.3	\$280.0	\$279.6	\$313.8	\$337.1	\$364.6	\$428.2
Non-Current Assets							
Property Plant & Equipment, net	870.2	609.8	604.4	700.8	713.1	721.4	769.5
Other Assets	73.5	39.8	61.7	54.7	57.2	63.8	38.7
Goodwill	-	-	(200.5)	(200.5)	(200.5)	(200.5)	(200.5)
Total	\$943.7	\$649.6	\$465.6	\$554.9	\$569.8	\$584.7	\$607.7
Visa/MC							
Total Assets	\$1,250.0	\$929.6	\$745.2	\$868.7	\$906.9	\$949.2	\$1,036.0
Current Liabilities							
Accounts Payable	\$79.7	\$44.9	\$37.3	\$35.3	\$34.6	\$34.1	\$33.1
Air Traffic Liability	226.0	145.2	144.9	158.3	173.8	192.3	201.0
Current portion - LT Debt	38.2	26.6	27.7	30.1	32.6	36.6	36.6
Other Current Liabilities	105.4	307.3	67.6	68.1	67.7	67.8	76.1
Total	\$449.4	\$524.0	\$277.5	\$291.8	\$308.7	\$330.9	\$346.8
Non-Current Liabilities							
Aircraft Debt	\$532.1	\$355.7	\$344.1	\$419.5	\$419.8	\$415.4	\$443.6
Other Liabilities	116.4	143.8	18.8	18.8	18.8	18.8	18.8
Total	\$648.5	\$499.6	\$362.9	\$438.3	\$438.6	\$434.3	\$462.4
Stockholders' Equity							
Accumulated Earnings / (Deficit)	(\$42.9)	(\$291.1)	(\$4.0)	\$29.8	\$50.9	\$75.3	\$118.0
APIC / New Equity	195.9	197.1	108.8	108.8	108.8	108.8	108.8
Other	(0.9)	0.0	-	-	-	-	-
Total	\$152.1	(\$93.9)	\$104.7	\$138.6	\$159.6	\$184.1	\$226.8
Total Liabilities & Shareholders' Equity	\$1,250.0	\$929.6	\$745.2	\$868.7	\$906.9	\$949.2	\$1,036.0

(1) Certain items have been reclassified from other publicly available documents, including the Debtors' Annual Report on Form 10-K, to conform to the presentation of the financial projections presented in this document.

Please read in conjunction with associated Notes.

Projected Consolidated Statements of Cash Flows ⁽³⁾
(unaudited)
(in millions)

<u>Cash Flow Statement</u>	Actual		Forecast				
	Year Ending March 31,						
	2008	2009	2010	2011	2012	2013	2014
Net Income	(\$60.3)	(\$248.2)	\$290.5	\$33.8	\$21.0	\$24.5	\$42.7
Depreciation & Amortization	41.3	41.0	38.3	45.6	50.3	53.1	58.1
Restricted Cash	(31.3)	(60.2)	(19.6)	(12.8)	(14.8)	(17.9)	(8.5)
Security Deposits	(4.3)	(1.1)	(0.8)	(1.2)	(1.2)	(1.2)	(1.2)
Changes in Other Working Capital	64.6	(114.9)	(18.0)	11.3	16.0	19.8	17.8
Gain / (Loss) on Disposal of Assets	1.8	(8.6)	7.5	-	-	-	-
Other	26.9	248.4	(321.7)	(2.4)	(2.0)	(2.0)	(2.0)
Operating Cash Flows	\$38.8	(\$143.5)	(\$23.9)	\$74.3	\$69.3	\$76.3	\$106.9
Capital Expenditures	(\$432.5)	(\$18.6)	(\$60.4)	(\$141.9)	(\$62.5)	(\$61.3)	(\$106.2)
PDP (Payments) / Refunds, Net	35.6	5.1	(21.2)	8.1	(1.5)	(5.5)	26.2
Proceeds from Sale of Assets	108.1	262.7	20.0	-	-	-	-
Other	(8.8)	-	-	-	-	-	-
Investing Cash Flows	(\$297.7)	\$249.3	(\$61.6)	(\$133.7)	(\$63.9)	(\$66.8)	(\$80.0)
Debt Issuance	\$344.8	\$30.0	\$34.3	\$105.6	\$33.4	\$32.5	\$65.0
Debt (Payment)	(158.1)	(191.1)	(76.3)	(27.9)	(30.6)	(32.8)	(36.8)
Proceeds from Equity Raise	-	-	108.8	-	-	-	-
Other	(1.4)	(2.2)	(3.0)	-	-	-	-
Financing Cash Flow	\$185.3	(\$163.3)	\$63.8	\$77.8	\$2.8	(\$0.3)	\$28.2
Increase / (Decrease) in Cash	(\$73.6)	(\$57.5)	(\$21.7)	\$18.4	\$8.2	\$9.2	\$55.0
Beginning Cash & Short-Term Investments	\$203.0	\$129.3	\$71.8	\$50.1	\$68.5	\$76.7	\$85.9
Ending Cash & Short-Term Investments	\$129.3	\$71.8	\$50.1	\$68.5	\$76.7	\$85.9	\$140.9

(2) Certain items have been reclassified from other publicly available documents, including the Debtors' Annual Report on Form 10-K, to conform to the presentation of the financial projections presented in this document.

Please read in conjunction with associated Notes.

Notes to Projected Consolidated Statements of Operations

Overview

The Reorganized Debtors project operating margins of 4-6% and EBITDAR margins of 16-18% in Fiscal Years 2010 to 2014.

Operating Revenue

Passenger Revenue: The Reorganized Debtors project Passenger Revenue of \$1.1 billion for Fiscal Year 2010, a decrease of 12% over Fiscal Year 2009, due to fare decreases that reflect weak passenger demand driven primarily by an economic slowdown. Beginning in Fiscal Year 2011, Passenger Revenue is forecast to increase at an average annual rate of 7%, or a total of \$200 million over Fiscal Year 2009. The increase is due to an expected economic recovery in Fiscal Year 2011 combined with capacity growth mostly in Fiscal Years 2011 thru 2014, such that Passenger Revenue in Fiscal Year 2014 is projected to be \$1.4 billion. This increase in Fiscal Year 2014 includes a \$174 million increase in mainline Passenger Revenue and a \$28 million increase in regional wholly-owned operator's Passenger Revenue (Lynx), the two components that comprise Passenger Revenue, in each case as compared to 2009.

The Reorganized Debtors forecast consolidated PRASM of 9.40 cents for Fiscal Year 2010, a decrease of 6% over Fiscal Year 2009, followed by a 5% increase in Fiscal Year 2011 to 9.91 cents. In the Projection Period beyond Fiscal year 2011, consolidated PRASM is expected to increase at an average annual rate of 2% for Fiscal Years 2012 to 2014, such that consolidated PRASM in Fiscal Year 2014 is expected to be 10.50 cents.

The Reorganized Debtors project consolidated ASMs of 11.4 billion for Fiscal Year 2010, a decrease of 6% over Fiscal Year 2009. In the Projection Period, consolidated capacity is forecast to increase at an average annual rate of 2%, or a total of 1.4 billion ASMs versus Fiscal Year 2009, such that consolidated capacity in Fiscal Year 2014 is projected to be 13.4 billion ASMs. During the Projection Period, mainline capacity is forecast to increase at an average annual rate of 2%. Regional capacity during the Projection Period is forecast to increase at an average annual rate of 4%.

Other Revenue: This includes Reorganized Debtors' lines of businesses related to their core scheduled passenger service operation, including Early Returns®, in-flight sales (liquor, food and entertainment), in addition to miscellaneous revenue streams (e.g., baggage fees). The Reorganized Debtors anticipate revenue of \$99 million from these sources for Fiscal Year 2010, an increase of 56% over Fiscal Year 2009. Over the Projection Period beyond Fiscal Year 2010, these revenues are projected to increase at an average annual rate of 4%, such that they reach \$116 million in Fiscal Year 2014, a \$52 million increase as compared to Fiscal Year 2009. Growth forecasts for these various operations are driven by existing contractual agreements, management expectations for certain business lines, capacity growth and inflation.

Capacity Sale Revenue: Projected revenues from an as yet unidentified capacity purchase agreement are included in this line. The capacity purchase agreement is assumed to begin in

Fiscal Year 2010 and anticipated to utilize seven Q400 aircraft by Fiscal Year 2014 and generate approximately \$37 million in annual revenue beginning in Fiscal Year 2012.

Operating Expenses

Aircraft Fuel: Aircraft fuel is projected to be the Reorganized Debtors' largest expense. The Consolidated Financial Projections assume fuel price escalation based on the Gulf Coast Jet Fuel (GCJET) and West Texas Intermediate (WTI) forward curves as of June 2, 2009, resulting in a cost for jet fuel of \$2.10 (including taxes and fees) per gallon for Fiscal Year 2010, \$2.38 per gallon for Fiscal Year 2011, \$2.45 per gallon for Fiscal Year 2012, \$2.49 per gallon for Fiscal Year 2013 and \$2.52 per gallon for Fiscal Year 2014. To mitigate exposure to fuel price volatility, the Reorganized Debtors intend to continue their fuel hedging program.

Labor: Labor costs are projected to be the Reorganized Debtors' second largest expense, representing approximately 22% of annual mainline operating expenses during the Projection Period. In the Consolidated Statement of Operations, labor costs are included in each of the cost areas shown (e.g., Flight Operations, Air Traffic and Servicing, Maintenance, Promotion & Sales, General & Administrative).

During the post-petition period, the Reorganized Debtors lowered employment costs by headcount reductions and salary rate and benefit cost decreases for all employee groups. During the Projection Period, these expenses are forecast based on anticipated operating levels, the impact of ongoing initiatives to improve productivity, the terms of the renegotiated FAPA, IBT and TWU contracts and the projected wages and benefits for ground, flight attendant and management employees.

The Debtors' business plan targets \$41.8 million of annual labor cost savings due to concessions and process efficiencies. This excludes labor cost associated with the rightsizing of the airline or reductions in capacity. In the Projection Period, labor costs, excluding profit sharing expense, are anticipated to decline in Fiscal Year 2010 driven by full-year savings from labor concessions and productivity improvements and then begin to grow in Fiscal Year 2011, driven by rate increases and headcount growth and contractual wage restoration provisions.

Depreciation and Amortization: The Consolidated Financial Projections include depreciation and amortization on a straight-line basis over the estimated useful life of the property and equipment (primarily flight equipment). Useful life generally ranges from 3 to 25 years depending on the fixed asset. The Consolidated Financial Projections anticipate capital expenditures between \$60 and \$142 million per year in order to support the Reorganized Debtors' operations.

Flight Operations: Pilot and Flight Attendant personnel cost makes up most of Flight Operations cost. In addition, certain support functions such as training, dispatch, scheduling and catering are included in this line. During the Projection Period, Flight Operations cost is expected to increase at an average annual rate of 5% partly driven by wage restoration provisions set forth in the pilot labor agreement which are projected to be applied to Flight Attendant wages as well, on a pro-rata basis. A 2% average annual increase in capacity will also contribute to the

increase in Flight Operations cost, which is expected to reach \$209 million in Fiscal Year 2014, up from \$165 million in Fiscal Year 2009.

Promotion and Sales: Includes the cost of promotional activities, credit card fees and other selling expenses such as charges for travel agency commissions and the costs of distributing tickets through global distribution systems. These expenses generally tend to increase with increases in total revenue and are projected to increase at an average annual rate of 4%.

Air Traffic and Servicing: This line item is mostly comprised of: (a) rent expense for various airport facilities leased by the Debtors; (b) landing fees incurred based on the number of arrivals/departures at a given airport, aircraft weights and corresponding rates established by such airports; and (c) the labor associated with airport/ground operations. These expenses, as a whole, are anticipated to grow at an average annual rate of 4% during the Projection Period from a total of \$182 million in Fiscal Year 2009 to \$225 million in Fiscal Year 2014, driven largely by a corresponding increase in departures.

Maintenance: The Debtors' currently outsource all engine maintenance activities. The Consolidated Financial Projections assume that all heavy airframe maintenance will continue to be performed in-house. During the Projection Period, maintenance expense estimates are driven by a projected calendar of heavy airframe and engine overhaul events, combined with anticipated line maintenance expense driven largely by the volume of flying and related overhead expense.²

Aircraft Rent: Aircraft rent reflects the operating expense associated with the Debtors' aircraft financed under operating leases. In addition, the Debtors operate various aircraft under debt financing structures. Expenses related to aircraft financed with debt are reflected in depreciation and interest expense.

General and Administrative: General and Administrative expenses includes cost associated with administrative and support functions (e.g., Finance, Accounting, Human Resources and Legal among others). Employee benefits for all labor groups are also included in this line. These expenses, in total, are anticipated to grow at an average 7% per year between

² In June 2008, the FASB issued EITF 08-3, "Accounting by Lessees for Maintenance Deposits", on the accounting for maintenance deposits under an arrangement accounted for as a lease. EITF 08-3 applies to the lessee's accounting for maintenance deposits paid by a lessee under an arrangement accounted for as a lease that are refunded only if the lessee performs specified maintenance activities. EITF 08-3 requires that lessees continually evaluate whether it is probable that an amount on deposit with a lessor will be returned to reimburse the costs of the maintenance activities incurred by the lessee. When an amount on deposit is less than probable of being returned, it shall be recognized as additional expense. When the underlying maintenance is performed, the maintenance costs shall be expensed or capitalized in accordance with the lessee's maintenance accounting policy. EITF 08-3 is effective for financial statements issued for fiscal years beginning on or after December 15, 2008, including interim periods within those fiscal years. Earlier application by an entity that has previously adopted an alternative accounting policy was not permitted. The Debtors recorded maintenance deposits paid, or supplemental monthly payments under aircraft lease agreements, as an expense when paid prior to the adoption of this accounting guidance on April 1, 2009. The financial projections presented in this document do not include the impact of the Debtors' adoption of this accounting guidance.

Fiscal Years 2010 to 2014, driven mostly by inflation, wage restoration and higher benefits cost from increased headcount.

Profit Sharing: The Consolidated Financial Projections include profit-sharing for employees, based on 10% of pre-tax profits up to \$10 million and 15% over \$10 million, ranging from \$5 million to \$12 million in Fiscal Years 2010 to 2014.

Income Taxes: The Reorganized Debtors assume a statutory tax rate of approximately 38% throughout the Projection Period, including both Federal and State income tax. The Reorganized Debtors have assumed, for conservatism, that they will not be able to utilize any of the accumulated federal or state NOLs to offset any of the Reorganized Debtors' anticipated federal and state taxable income during the Projection Period.

Notes to Projected Consolidated Balance Sheets

Capital Structure: The Reorganized Debtors' capital structure is assumed to be as follows:

- (a) ***New Equity:*** On or after the Effective Date, the Consolidated Debtors will receive \$108.75 million in cash from Republic Airways Holdings, Inc. in exchange for 100% of the common stock of Reorganized Frontier Holdings. The Reorganized Debtors will use this investment amount to repay the DIP Facility Claims, to make other payments required under the Plan and to fund the post-reorganization operations of the Reorganized Debtors. The DIP Facility consists of a \$40 million credit facility arranged by Republic Airways Holdings, Inc. The estimated outstanding balance as of the Effective Date is \$41.5 million, including accrued interest. For purposes of the Consolidated Financial Projections, no value has been ascribed to the common equity of Reorganized Frontier Holdings. To the extent the Debtors engage in any equity capital transactions, the proceeds would be incremental to any value ultimately ascribed to common equity.
- (b) ***Other Secured Debt:*** Notes payable to various parties that are secured by spare engines, spare parts, aircraft and certain other assets respectively are expected to remain outstanding.

Notes to Projected Consolidated Statements of Cash Flows

During the Projection Period, the Reorganized Debtors project their business operations to generate significant cash flow to support debt service and reinvest in the business. During the Projection Period, the Reorganized Debtors business plan provides for approximately \$432 million of required capital investment.

Cash Flow From Operating Activities: The Reorganized Debtors project they will generate positive cash flow from operations throughout the Projection Period. Cash flow from operating activities is projected to increase from an estimated \$144 million cash outflow in Fiscal Year 2009 to \$107 million cash inflow by Fiscal Year 2014, for aggregate cash produced from operating activities during the Projection Period of \$303 million. Improved cash flow is a

result of, among other things, the projected growth in revenue throughout the Projection Period, coupled with certain labor costs concessions and related costs, concessions from vendors and various other cost reduction initiatives implemented during the Chapter 11 cases.

Cash Flow From Investing Activities: Net cash flow from investing activities is projected to use cash totaling \$406 million over the Projection Period. This reflects non-aircraft capital expenditures of between \$18 million and \$21 million per year in Fiscal Years 2010 to 2014 to sustain existing infrastructure and support growth, and \$300 million in aircraft capital expenditures.

Cash Flow From Financing Activities: The Consolidated Financial Projections anticipate the use of \$200 million during the Projection Period to meet required principal payments related to Aircraft Debt.