UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	
	:	**Chapter 11 Case No.**
FRONTIER AIRLINES HOLDINGS, INC., et al.,	:	**08-11298 (RDD)**
	:	**(Jointly Administered)**
Debtors.[1]	:	

DISCLOSURE STATEMENT FOR DEBTORS' JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

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Dated: July 22, 2009

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

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE DEBTORS' PLAN OF REORGANIZATION AND CERTAIN OTHER DOCUMENTS AND FINANCIAL INFORMATION. THE INFORMATION INCLUDED HEREIN IS FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND SHOULD NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW AND WHETHER TO VOTE ON THE PLAN. THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE. THE SUMMARIES OF THE FINANCIAL INFORMATION AND THE DOCUMENTS THAT ARE ATTACHED HERETO OR INCORPORATED BY REFERENCE HEREIN ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH INFORMATION AND DOCUMENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR THE OTHER DOCUMENTS AND FINANCIAL INFORMATION INCORPORATED HEREIN BY REFERENCE, THE PLAN OR THE OTHER DOCUMENTS AND FINANCIAL INFORMATION, AS THE CASE MAY BE, SHALL GOVERN FOR ALL PURPOSES.

THIS DISCLOSURE STATEMENT INCLUDES CERTAIN EXHIBITS, EACH OF WHICH IS INCORPORATED INTO, AND MADE A PART OF, THIS DISCLOSURE STATEMENT AS IF SET FORTH IN FULL HEREIN.

THE STATEMENTS AND FINANCIAL INFORMATION CONTAINED HEREIN HAVE BEEN MADE AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED. HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER AT THE TIME OF SUCH REVIEW THAT THERE HAVE BEEN NO CHANGES IN THE FACTS SET FORTH HEREIN SINCE THE DATE HEREOF. MOREOVER, THERE MAY BE ERRORS IN THE STATEMENTS AND/OR FINANCIAL INFORMATION CONTAINED HEREIN AND/OR ASSUMPTIONS UNDERLYING SUCH STATEMENTS AND/OR FINANCIAL INFORMATION. THE DEBTORS AND THEIR ADVISORS EXPRESSLY DISCLAIM ANY OBLIGATION TO UPDATE OR CORRECT ANY SUCH FINANCIAL INFORMATION OR ASSUMPTIONS.

EACH HOLDER OF A CLAIM OR AN INTEREST ENTITLED TO VOTE ON THE PLAN SHOULD CAREFULLY REVIEW THE PLAN AND THIS DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE CASTING A BALLOT. THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. ANY PERSONS DESIRING ANY SUCH ADVICE OR OTHER ADVICE SHOULD CONSULT WITH THEIR OWN ADVISORS.

ALTHOUGH THE DEBTORS HAVE ATTEMPTED TO ENSURE THE ACCURACY OF THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT, EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED IN OR INCORPORATED BY REFERENCE INTO THIS DISCLOSURE STATEMENT HAS NOT BEEN AUDITED.

THE FINANCIAL PROJECTIONS PROVIDED IN THIS DISCLOSURE STATEMENT HAVE BEEN PREPARED BY THE MANAGEMENT OF THE DEBTORS AND THEIR FINANCIAL ADVISORS. THESE FINANCIAL PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS THAT, ALTHOUGH CONSIDERED REASONABLE BY MANAGEMENT, 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 DEBTORS' CONTROL. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE AS TO THE ACCURACY OF THESE FINANCIAL PROJECTIONS OR THE ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE. FURTHER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE FINANCIAL PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED AND/OR MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE FINANCIAL PROJECTIONS, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR.

NO PARTY IS AUTHORIZED TO GIVE ANY INFORMATION WITH RESPECT TO THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. NO REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY HAVE BEEN AUTHORIZED BY THE DEBTORS OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY INFORMATION, REPRESENTATIONS OR INDUCEMENTS MADE TO OBTAIN AN ACCEPTANCE OF THE PLAN OTHER THAN, OR INCONSISTENT WITH, THE INFORMATION CONTAINED HEREIN AND IN THE PLAN SHOULD NOT BE RELIED UPON BY ANY HOLDER OF A CLAIM OR AN INTEREST.

WITH RESPECT TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER PENDING, THREATENED OR POTENTIAL LITIGATION OR ACTIONS, THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AND MAY NOT BE CONSTRUED AS AN ADMISSION OF FACT, LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS.

THE SECURITIES DESCRIBED HEREIN WILL BE ISSUED WITHOUT REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR ANY SIMILAR FEDERAL, STATE OR LOCAL LAW, IN RELIANCE ON THE EXEMPTIONS SET FORTH IN SECTION 1145 OF THE BANKRUPTCY CODE AND SECTION 4(2) OF THE SECURITIES ACT, AS APPLICABLE.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE

COMMISSION, NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

SEE ARTICLE 7 OF THIS DISCLOSURE STATEMENT, ENTITLED "CERTAIN FACTORS TO BE CONSIDERED PRIOR TO VOTING," FOR A DISCUSSION OF CERTAIN CONSIDERATIONS IN CONNECTION WITH A DECISION BY A HOLDER OF AN IMPAIRED CLAIM TO ACCEPT THE PLAN.

SUMMARY OF THE PLAN

The following summary is qualified in its entirety by the more detailed information contained in the Plan and elsewhere in this Disclosure Statement. **Capitalized terms used but not otherwise defined herein have the meanings given to such terms in the Plan; *provided, however,* that any capitalized term used herein that is not defined herein or in the Plan, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules.**

Frontier Airlines Holdings, Inc. ("**Frontier Holdings**") is the parent company of Denver-based Frontier Airlines, Inc. ("**Frontier**") and Lynx Aviation, Inc. ("**Lynx**"). Frontier is a low cost, affordable fare airline operating primarily in a hub and spoke fashion connecting cities coast to coast through its hub at Denver International Airport ("**DIA**"). Frontier is the second largest jet service carrier at DIA based on departures. Frontier offers its customers a differentiated product, with new Airbus aircraft, comfortable passenger cabins that they configure with one class of seating, ample leg room, affordable pricing and in-seat DIRECTV live television entertainment. In January 2007, the U.S. Department of Transportation designated Frontier as a major carrier. Lynx is a regional carrier that began revenue service on December 7, 2007. Lynx operates new Bombardier Q400 aircraft. As of May 18, 2009, the Debtors operated routes linking the Denver hub to 56 destinations, including U.S. cities spanning the nation, five cities in Mexico and one city in Costa Rica.

This Disclosure Statement is being furnished by the Debtors as proponents of the Debtors' Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, a copy of which is attached hereto as Appendix A, pursuant to section 1125 of the Bankruptcy Code and in connection with the solicitation of votes for the acceptance or rejection of the Plan.

This Disclosure Statement describes certain aspects of the Plan, including an analysis of the treatment of holders of Claims against, and Interests in, the Debtors and also contains a discussion of the Debtors' history, businesses, properties and operations, projections for those operations and risk factors associated with the businesses and the Plan.

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF THE STRUCTURE OF, CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER, AND IMPLEMENTATION OF, THE PLAN. IT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN THAT ACCOMPANIES THIS DISCLOSURE STATEMENT AND THE SCHEDULES ATTACHED THERETO OR REFERRED TO THEREIN.

A. The Plan

The 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 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. 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 Airways Holdings, Inc. ("**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 bidding 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 Entity and seek Bankruptcy Court approval of the proposed Investment Agreement among the Debtors and such 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 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 $3.5 million and reimburse certain of Republic's expenses, up to $350,000.

The Plan is premised upon the limited consolidation of the Estates of the Debtors with one another, such consolidation to be effected solely for the purposes specified in the Plan, including voting, Confirmation and distributions. If the Plan Consolidation is not approved by the Bankruptcy Court, the Claims against and Interests in the Debtors shall be classified, treated and voted as specified in Section 2.2 of the Plan.

B. Treatment of Claims and Interests Under the Plan

1. Administrative and Priority Tax Claims

An Administrative Claim is a Claim for payment of an administrative expense of the kinds specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to section 507(a)(2) of the Bankruptcy Code. Administrative Claims include, but are not limited to, DIP Facility Claims, Other Administrative Claims and Professional Fee Claims. Administrative Claims also include Claims pursuant to section 503(b)(9) of the Bankruptcy Code. Section 503(b)(9) of the Bankruptcy Code grants administrative priority for the unpaid value of any goods received by the Debtors within twenty days before the commencement of these chapter 11 cases, if the goods were sold to the Debtors in the ordinary course of the Debtors' business.

A Priority Tax Claim is an unsecured Claim of a governmental unit entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code or specified under section 502(i) of the Bankruptcy Code.

Under the Plan, generally, the Debtors will pay Allowed Administrative Claims in full. Allowed Priority Tax Claims will be paid in full on a deferred basis, in accordance with section 1129(a)(9)(C) of the Bankruptcy Code.

2. Other Claims and Interests

The Plan divides all other Claims against, and all Interests in, the Debtors into various Classes. The following table summarizes the classification of Claims and Interests under the Plan, the treatment of each such Class, the projected recovery under the Plan, if any, for each Class and whether or not each Class is entitled to vote. Note that the classifications and distributions set forth in the table remain subject to change, as further described in Section 14.1 of the Plan.

Summary of Classification and Treatment of
Claims and Interests in the Debtors

Class	Designation	Plan Treatment of Allowed Claims	Projected Recovery Under the 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

Class	Designation	Plan Treatment of Allowed Claims	Projected Recovery Under the Plan	Status	Voting Rights
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
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

C. Claims Estimates

The projected recoveries set forth in the Plan are based on certain assumptions, including the Debtors' estimates of the Claims that will eventually be Allowed in various Classes. The following table sets forth information on Claims filed in the Debtors' cases, Claims disallowed to date and Claims that the Debtors estimate will eventually be Allowed. There is no guarantee that the ultimate amount of each of such categories of Claims will conform to the estimates set forth below. The Debtors expressly disclaim any obligation to update any amounts set forth in this table or elsewhere in this Disclosure Statement after the date hereof on any basis (including new or different information received and/or errors discovered).

[†] The projected recovery listed herein for General Unsecured Claims is based on (i) a Class 3 Allocation equal to $28.75 million of cash 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).

[♦] The Interests in Frontier and Lynx will not be cancelled, but will 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.

Class	Designation	Claims Filed / Scheduled[2]	Claims Disallowed (to Date)[3]	Total Allowed Claims (estimate)[4]
	Other Administrative Claims	$128.6	$20.0	$9.6-11.2
	Priority Tax Claims	$35.0	$1.2	$12.0-13.6
1	Other Priority Claims	$43.9	$0.4	$0.0
2	Secured Claims	$620.0	$149.7	$379.8
3	Unsecured Claims	$887.3	$141.3	$300.0-350.0

(amounts in this table are in millions of dollars)

D. Recommendation

After careful review of their current business operations, their prospects as ongoing business enterprises and the estimated recoveries of Creditors in various liquidation scenarios, the Debtors have concluded that the recovery of holders of Allowed Claims will be maximized by the Debtors' continued operation as a wholly-owned subsidiary of the Plan Sponsor. The Debtors believe that their businesses and assets have significant value that would not be realized in a liquidation scenario, either in whole or in substantial part, and that the value of the Debtors' Estates is considerably greater as a going concern than if they were liquidated. See Article 6 herein, "Statutory Requirements for Confirmation of the Plan."

The Debtors believe that the Plan provides the best recoveries possible for the Debtors' Creditors and strongly recommend that, if you are entitled to vote, you vote to accept the Plan. The Debtors believe that any alternative to Confirmation of the Plan, such as liquidation, partial

[2] The general bar date for filing Claims was November 17, 2008, at which time the Debtors began the process of analyzing and reconciling filed Claims. The Debtors believe that many of the Claims filed in the Chapter 11 Cases are invalid, untimely, duplicative and/or overstated, and they are in the process of objecting to such Claims. The amounts in this column represent the amounts reflected in the Debtors' register of claims as of the date hereof.

[3] The amounts in this column represent the amounts the Bankruptcy Court has disallowed to date in each of the various Classes. Because the process of analyzing and objecting to Claims is ongoing, the amount of Disallowed Claims may increase significantly in the future.

[4] The Debtors currently estimate that at the conclusion of the Claims objection, reconciliation and resolution process, the aggregate amount of Allowed Claims in each class will be approximately as indicated in this column. The Debtors expressly disclaim any obligation to update these estimates after the date hereof on any basis (including new or different information received and/or errors discovered).

sale of assets or any attempt by another party in interest to file a plan, would result in lower recoveries for stakeholders, as well as significant delays, litigation and/or costs.

THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST RECOVERIES POSSIBLE FOR THE HOLDERS OF CLAIMS AGAINST EACH OF THE DEBTORS AND THUS RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

PLAN VOTING INSTRUCTIONS AND PROCEDURES

A. Notice to Holders of Claims

This Disclosure Statement is being transmitted to certain Creditors for the purpose of soliciting votes on the Plan and to others for informational purposes. The purpose of this Disclosure Statement is to provide adequate information to enable holders of Claims that are entitled to vote on the Plan to make a reasonably informed decision with respect to the Plan prior to exercising their right to vote to accept or reject the Plan.

By the Approval Order entered on July 22, 2009, the Bankruptcy Court approved this Disclosure Statement as containing information of a kind and in sufficient and adequate detail to enable holders of Claims that are entitled to vote on the Plan to make informed judgments with respect to acceptance or rejection of the Plan. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE EITHER A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.

ALL HOLDERS OF CLAIMS ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT, ITS APPENDICES AND ALL PLAN SUPPLEMENTS FILED PRIOR TO THE VOTING DEADLINE CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE EITHER TO ACCEPT OR TO REJECT THE PLAN. This Disclosure Statement contains important information about the Plan, considerations pertinent to acceptance or rejection of the Plan and developments concerning the Chapter 11 Cases.

THIS DISCLOSURE STATEMENT AND THE OTHER MATERIALS INCLUDED IN THE SOLICITATION PACKAGE ARE THE ONLY DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. No solicitation of votes may be made except after distribution of this Disclosure Statement.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD-LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL, FUTURE RESULTS. This Disclosure Statement contains projections of future performance as set forth in Appendix C attached hereto. Other events may occur subsequent to the date hereof that may have a material impact on the information contained in this Disclosure

Statement. Except as expressly stated herein, neither the Debtors nor the Reorganized Debtors intend to update the Financial Projections for the purposes hereof. Thus, the Financial Projections will not reflect the impact of any subsequent events not already accounted for in the assumptions underlying the Financial Projections. Further, the Debtors do not anticipate that any amendments or supplements to this Disclosure Statement will be distributed to reflect such occurrences and expressly disclaim any obligation to do so. Accordingly, the delivery of this Disclosure Statement does not imply that the information herein is correct or complete as of any time subsequent to the date hereof.

EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTANT AND HAS NOT NECESSARILY BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

B. Who is Entitled to Vote on the Plan?

In general, a holder of a Claim or an Interest may vote to accept or reject a plan of reorganization if (i) no party in interest has objected to such Claim or Interest (or the Claim or Interest has been Allowed subsequent to any objection or estimated for voting purposes), (ii) the Claim or Interest is Impaired by the plan and (iii) the holder of such Claim or Interest will receive or retain property under the plan on account of such Claim or Interest. Only the holders of Claims in Class 3 (General Unsecured Claims) shall be entitled to vote on the Plan.

In general, if a Claim or an Interest is Unimpaired under a plan of reorganization, section 1126(f) of the Bankruptcy Code deems the holder of such Claim or Interest to have accepted such plan, and thus the holders of Claims in such Unimpaired Classes are not entitled to vote on such plan. Because the following Classes are Unimpaired under the Plan, the holders of Claims in these Classes are not entitled to vote:

- Class 1 (Other Priority Claims)
- Class 2 (Secured Claims)
- Class 4b (Interests in Frontier and Lynx)

In general, if the holder of an Impaired Claim or Impaired Interest will not receive any distribution under a plan of reorganization in respect of such Claim or Interest, section 1126(g) of the Bankruptcy Code deems the holder of such Claim or Interest to have rejected such plan, and thus the holders of Claims in such Classes are not entitled to vote on such plan. The holders of Claims and Interests in the following Classes are conclusively presumed to have rejected the Plan and are therefore not entitled to vote:

- Class 4a (Interests in Frontier Holdings)
- Class 4c (Securities Litigation Claims)

C. General Voting Procedures and the Voting Deadline

On July 22, 2009, the Bankruptcy Court entered the Approval Order, which, among other things, approved this Disclosure Statement, set voting procedures and scheduled the hearing on Confirmation of the Plan. A copy of the Confirmation Hearing Notice is enclosed with this Disclosure Statement. The Confirmation Hearing Notice sets forth in detail, among other things, the voting deadlines and objection deadlines with respect to the Plan. The Confirmation Hearing Notice and the instructions attached to the Ballot should be read in connection with this Section of this Disclosure Statement.

If you are entitled to vote, after carefully reviewing the Plan, this Disclosure Statement and the detailed instructions accompanying your Ballot(s), please indicate your acceptance or rejection of the Plan by checking the appropriate box on the enclosed Ballot(s). Please complete and sign your original Ballot(s) (copies with non-original signatures will not be accepted) and return it/them in the envelope provided. You must provide all of the information requested by the appropriate Ballot(s). Failure to do so may result in the disqualification of your vote on such Ballot(s).

In voting to accept or reject the Plan, you must use only the Ballot(s) sent to you with this Disclosure Statement.

The Debtors have retained Epiq Bankruptcy Solutions, LLC as their Solicitation Agent to assist in the voting process. If you have any questions concerning the procedure for voting your Claim, the packet of materials that you have received or the amount of your Claim, or if you wish to obtain (at no charge) a paper copy of the Plan, this Disclosure Statement or any appendices or exhibits to such documents, please contact Epiq Bankruptcy Solutions, LLC at (646) 282-2400. Such materials will also be available, free of charge, on the Debtors' case information website (located at *www.frontier-restructuring.com*).

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND ACTUALLY RECEIVED NO LATER THAN AUGUST 28, 2009 AT 4:00 P.M. (PREVAILING EASTERN TIME) (THE "**VOTING DEADLINE**") BY THE SOLICITATION AGENT, AS FOLLOWS:

If by U.S. Mail:	**If by courier/hand delivery:**
Frontier Airlines Ballot Processing c/o Epiq Bankruptcy Solutions, LLC P.O. Box 5014, FDR Station New York, NY 10150-5014	Frontier Airlines Ballot Processing c/o Epiq Bankruptcy Solutions, LLC 757 Third Avenue, 3rd Floor New York, NY 10017

BALLOTS RECEIVED AFTER THE VOTING DEADLINE WILL NOT BE COUNTED. BALLOTS SHOULD NOT BE DELIVERED DIRECTLY TO THE DEBTORS, THE BANKRUPTCY COURT, THE CREDITORS' COMMITTEE,

COUNSEL TO THE DEBTORS OR THE CREDITORS' COMMITTEE OR ANYONE OTHER THAN EPIQ BANKRUPTCY SOLUTIONS, LLC.

D. Confirmation Hearing and Deadline for Objections to Confirmation

Pursuant to section 1128 of the Bankruptcy Code and Bankruptcy Rule 3017(c), the Bankruptcy Court has scheduled the Confirmation Hearing for September 10, 2009 at 10:00 a.m. (prevailing Eastern time) before the Honorable Robert D. Drain, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, Courtroom 610, New York, NY 10004-1408.[5] The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for a notice filed on the Bankruptcy Court's docket and/or an announcement of the adjournment date made at the Confirmation Hearing or at any subsequently adjourned Confirmation Hearing.

The Bankruptcy Court has directed that objections to Confirmation and proposed modifications to the Plan, if any, must (i) be in writing, (ii) conform to the Bankruptcy Rules, (iii) state the name and address of the objecting party and the amount and nature of the Claim or Interest of such party, (iv) state with particularity the basis and nature of any objection to the Plan and (v) be filed, together with proof of service, with the Bankruptcy Court in accordance with the Bankruptcy Court's Case Management Order and served so as to be actually RECEIVED on or before 4:00 p.m. (prevailing Eastern time) on August 28, 2009 by:

1. The United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, NY 10004-1408,[6] Attn: The Honorable Robert D. Drain;

2. Counsel to the Debtors, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, NY 10017, Attn: Marshall S. Huebner and Damian S. Schaible;

3. Conflicts counsel to the Debtors, Togut, Segal & Segal LLP, One Penn Plaza, New York, NY 10119, Attn: Albert Togut;

4. The Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, NY 10004, Attn: Brian Masumoto;

5. Counsel to the Creditors' Committee, Wilmer Cutler Pickering Hale and Dorr LLP, 399 Park Avenue, New York, NY 10022, Attn: Andrew N. Goldman and James H. Millar;

[5] In the event that the location of the Confirmation Hearing 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*).

[6] 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*).

6. The Debtors' authorized claims and noticing agent, Epiq Bankruptcy Solutions, LLC, 757 Third Avenue, New York, NY 10017, Attn: Frontier Team; and

7. Each of the Non-ECF Service Parties (as defined in the Case Management Order), a list of which is available on the Debtors' case information website (located at *www.frontier-restructuring.com*).

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ARTICLE 1
INTRODUCTION

Frontier Airlines Holdings, Inc. ("**Frontier Holdings**"), Frontier Airlines, Inc. ("**Frontier**") and Lynx Aviation, Inc. ("**Lynx**") submit this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code for use in the solicitation of votes on the Plan, which is attached as Appendix A hereto.

This Disclosure Statement sets forth certain information regarding the Debtors' pre-petition history, significant events that have occurred during the Chapter 11 Cases and the anticipated post-reorganization operations and financing of the Reorganized Debtors. This Disclosure Statement also describes the terms and provisions of the Plan, including certain alternatives to the Plan, certain consequences of Confirmation of the Plan, certain risk factors associated with the Plan and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the Confirmation process and the voting procedures that holders of Claims eligible to vote must follow for their votes to be counted.

FOR A SUMMARY OF THE PLAN, PLEASE SEE ARTICLE 5 HEREOF. FOR A DISCUSSION OF CERTAIN FACTORS TO BE CONSIDERED PRIOR TO VOTING, PLEASE SEE ARTICLE 7 HEREOF.

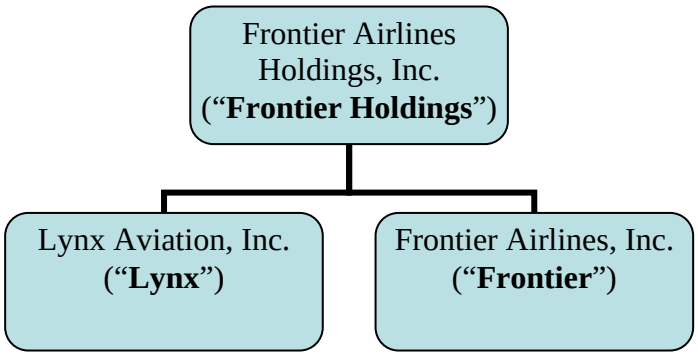
THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN DOCUMENTS RELATED TO THE PLAN, CERTAIN EVENTS IN THE DEBTORS' CHAPTER 11 CASES AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE DEBTORS BELIEVE THAT SUCH SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION. THE DEBTORS EXPRESSLY DISCLAIM ANY OBLIGATION TO UPDATE ANY INFORMATION CONTAINED HEREIN AFTER THE DATE HEREOF ON ANY BASIS (INCLUDING NEW OR DIFFERENT INFORMATION RECEIVED AND/OR ERRORS DISCOVERED).

ARTICLE 2
THE DEBTORS

Section 2.1 Overview of the Debtors' Business

a. Introduction

The Debtors consist of Denver-based Frontier Holdings and its direct wholly-owned U.S. subsidiaries, Frontier and Lynx, both of which are engaged in the business of providing air transportation for passengers and freight. The chart below depicts the corporate structure, as of the date of this Disclosure Statement, of Frontier Holdings, Frontier and Lynx. Frontier is a low-cost, affordable fare airline operating primarily in a hub and spoke fashion connecting cities coast to coast through its hub at Denver International Airport ("**DIA**"). Frontier is the second largest jet service carrier at DIA based on departures. Frontier offers its customers a differentiated product, with new Airbus aircraft, comfortable passenger cabins that they configure with one class of seating, ample leg room, affordable pricing and in-seat DIRECTV with 24 channels of live television entertainment and three additional channels of current-run pay-per-view movies on its mainline routes. In January 2007, the DOT designated Frontier as a major carrier. Frontier Holdings formed Lynx in September 2006. Lynx is a regional carrier that began revenue service on December 7, 2007. Lynx operates new Bombardier Q400 aircraft.



b. Operations Overview

The Debtors operate their businesses principally through Frontier and Lynx. The Debtors' route network is centered around the hub they operate in Denver. The Debtors currently serve 35 of the top 50 destinations from Denver. As of May 18, 2009, the Debtors operated routes linking the Denver hub to 56 destinations, including U.S. cities spanning the nation, five cities in Mexico and one city in Costa Rica.

As of May 18, 2009, the Debtors operated a mainline fleet of 51 Airbus jets (37 of which were leased and 14 of which were owned), consisting of 38 Airbus A319s, 10 Airbus A318s and three Airbus A320s, and a regional fleet of 10 Bombardier Q400 turboprop aircraft operated by Lynx (five of which were leased and five of which were owned). During the years ended March 31, 2009 and 2008, year-over-year total capacity decreased by 11.9% and increased by 14.5%,

respectively, and year-over-year total passenger traffic decreased by 11.9% and increased by 21.2%, respectively.

Lynx's principal business consists of high-speed connections from DIA to nine cities, and supplemental service to two cities, within a 600-mile radius of DIA. In its first year of operation, Lynx carried nearly one million passengers to 17 cities, which has decreased to 13 destinations as of May 21, 2009, two of which are supplemental service to Frontier's mainline operations.

On January 11, 2007, Frontier Holdings and Frontier entered into a capacity purchase agreement with Republic Airways Holdings, Inc. ("**Republic**") and Republic Airlines, Inc. ("**Republic Airlines**") for Republic to operate Embraer 170 aircraft. On April 23, 2008, as part of the Chapter 11 Cases, the Debtors rejected the capacity purchase agreement with Republic and Republic Airlines. The Debtors effectuated a structured reduction and gradual phaseout of Republic's 12 aircraft in service on Frontier routes. The phaseout was completed on June 22, 2008.

In order to increase connecting traffic, Frontier entered into a code share agreement with Great Lakes Aviation Ltd. Frontier also has interline agreements with 18 domestic and international airlines serving cities on its route system. Generally, these agreements include joint ticketing and baggage services and other conveniences designed to expedite the connecting process.

In November 2006, Frontier partnered with AirTran Airways to create the first "low cost carrier" referral and frequent flyer partnership in the industry, which offers travelers the ability to reach more than 80 destinations across four countries. This partnership enables both airlines to increase destination options by linking phone and online reservations systems, and it enables Frontier's *EarlyReturns*® and AirTran's A+ Rewards members to earn and redeem mileage/travel credits on both airlines.

c. Business Strategy

The Debtors' business strategy is to provide air service at affordable fares to high volume and select regional markets from their Denver hub and limited point-to-point routes outside of the Denver hub while seeking ways to leverage their strong market position in Denver and excellent product and service. The Debtors' strategy is to:

- stimulate demand by offering a combination of low fares, quality service, a differentiated product and frequent flyer credits in Frontier's frequent flyer program, *EarlyReturns*®;
- continue filling gaps in flight frequencies to current markets from their Denver hub;
- continue to successfully defend their position in Denver against new entrants; and
- become the lowest cost airline among their competitors.

The Debtors believe that they have created a widely recognized brand that distinguishes them from their competitors and identifies them as a safe, reliable, low-fare airline focused on customer service and providing a high quality travel experience. Similarly, the Debtors believe that customer awareness of the Frontier brand has contributed to their ability to leverage that brand preference in marketing efforts and positions them to be a preferred marketing partner with companies across many different industries. The Debtors have a strong company culture and will continue to focus on differentiating the product and service they provide to their passengers. Frontier's frequent flyer program offers some of the most generous benefits in the industry, including a free round-trip award ticket within the contiguous U.S. after accumulating only 20,000 miles (40,000 miles to Costa Rica and 30,000 miles to Alaska or any of Frontier's destinations in Mexico). The Debtors believe their friendly and dedicated employees, affordable pricing, accommodating service, in-flight entertainment systems and comfortable airplanes distinguish their product and service from their competitors. Safety is a primary concern of the Debtors, and Frontier's maintenance staff has been awarded the FAA Diamond Award for Excellence for ten consecutive years in recognition of the Debtors' commitment to the ongoing training and education of their maintenance staff.

d. Network Adjustments and Capacity Reductions

In June 2008, the Debtors announced plans to reduce mainline capacity year-over-year by approximately 17% beginning in September 2008. These adjustments included frequency reductions in some markets and seasonal reductions. The capacity reductions were phased in starting mid-August and were completed in January 2009. Due to route adjustments, termination of the capacity purchase agreement with Republic and Republic Airlines and the sale or lease termination of a total of 11 aircraft, the Debtors had a system-wide year-over-year capacity decrease of 11.9%.

On April 23, 2008, the Debtors rejected their capacity purchase agreement with Republic and Republic Airlines. There was a structured reduction and gradual phaseout of Republic's 12 aircraft from the Debtors' daily operation, which was completed in June 2008. In conjunction with the termination of service by Republic, the Debtors discontinued service to four markets.

The Debtors signed a lease agreement for an Airbus A320 for delivery in April 2009. In a separate transaction, the Debtors sold an Airbus A318 in May 2009. These two transactions had the effect of increasing capacity by 42 seats.

On June 8, 2009, the Debtors filed a motion with the Bankruptcy Court to approve a letter of intent pursuant to which the Debtors intend to lease three Airbus A320 aircraft with delivery dates beginning in March 2010.

e. Cost Structure

The Debtors have focused on reducing operating expenses across all areas of their businesses. Cost reductions have been achieved through initiatives such as lease and facility

restructurings, fleet restructurings and vendor contract renegotiations. Many of these initiatives are described in greater detail in Section 4.3 of this Disclosure Statement.

Some of the Debtors' more notable accomplishments in this area include the following: (i) restructuring their fleet by removing 11 Airbus aircraft, deferring future deliveries of Airbus aircraft and terminating E170 contract flights; (ii) restructuring third-party contracts with maintenance providers, online travel agencies and promotional partnerships and (iii) renegotiating labor agreements and obtaining wage and benefit concessions from represented and non-represented employees.

In addition, the Debtors aggressively lowered their cost structure (excluding fuel), notwithstanding a significant reduction in seat capacity. For the fiscal year ended March 31, 2009, mainline unit costs excluding fuel decreased 6.9 percent to 5.93 cents, notwithstanding a 9.4 percent reduction in mainline capacity and a 5.7 percent reduction in stage length.

f. Labor Cost Reductions

In May 2008, Frontier reached agreements with its pilot, dispatcher, maintenance and aircraft appearance unions on temporary wage and benefit concessions. All nonunion employees also took interim wage reductions through September 2008. Wage concessions for non-represented employees were extended at the end of September 2008 and Frontier reached a permanent restructured wage agreement with the Aircraft Dispatchers in the Service of Frontier Airlines, Inc., as represented by the Transport Workers Union of America AFL-CIO ("**TWU**"). During the Chapter 11 Cases, Frontier obtained a ruling from the Bankruptcy Court approving permanent concessions with respect to certain of its collective bargaining agreements with (i) its Aircraft Technicians, Ground Service Equipment Technicians and Tool Room Attendants, and (ii) its Material Specialists, each represented by the International Brotherhood of Teamsters ("**IBT**"), which ruling is currently subject to an appeal by IBT. On July 20, 2009, the United States District Court for the Southern District of New York vacated and remanded the Bankruptcy Court's ruling. Frontier is considering its options as to next steps. In December 2008, Frontier reached a consensual permanent agreement with its pilots, represented by the Frontier Airline Pilots Association ("**FAPA**"), for long-term wage and benefit concessions, which agreement was ratified by FAPA's members and approved by the Bankruptcy Court in January 2009. Frontier also reached a consensual agreement with its Aircraft Appearance Agents and Maintenance Cleaners represented by IBT for wage and benefit concessions, which agreement was ratified by the members and approved by the Bankruptcy Court in December 2008.

In June 2008, Frontier announced reductions in its workforce in conjunction with the announcement of the reduction in fleet and routes. The Debtors have implemented layoff and voluntary departure programs and eliminated more than 600 positions. Most of the workforce downsizing took effect in September 2008.

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. Plans for employee cost savings are substantially complete.

g. Revenue Initiatives

Compared to fiscal year 2008, the fiscal year ended March 31, 2009 saw an increase in mainline total unit revenue of 2.9%, primarily due to the new AirFairs pricing and services offering initiative. Mainline load factors for the fiscal year ended March 31, 2009 improved 1.1 percent versus the prior fiscal year. Additionally, the Debtors' business plan targets a $35.5 million increase in ancillary revenue from fiscal year 2009 to fiscal year 2010, primarily driven by baggage fees.

Prior to the Petition Date, the Debtors implemented a series of revenue initiatives primarily aimed at optimizing flight schedules to drive higher unit revenue, including adjusting frequencies in markets with weakening demand, cancelling poor performing, non-Denver point-to-point flying and eliminating the vast majority of low-yield red-eye flying. The Debtors redeployed aircraft to Denver to strengthen their core schedule, improve connected flow opportunities and develop consistent business schedules and patterns of service.

Post-petition the Debtors have increased revenues through ancillary charges. Such ancillary charges include a first and second bag fee, future change and same day change fees and ticketing service fees, among others. In May 2008, Frontier introduced a $25 fee for a second checked bag. In September 2008, Frontier introduced a $15 fee for the first checked bag. The first bag fee started on November 1, 2008, effective for tickets purchased on or after September 13, 2008. These fees do not apply to Frontier's *EarlyReturns*® Summit and Ascent members. Frontier also announced increases in its fees for certain other services such as checked pets and oversized bag fees. The increases range from $10 to $100 per service. These new and increased fees have generated an additional $40 million on an annual basis in ancillary revenue. Frontier anticipates additional ancillary passenger-related revenue of approximately $3.50 per passenger based on recent trends.

In December 2008, Frontier launched AirFairs, a new fare structure that allows customers to choose the fare level that best meets their specific travel needs. AirFairs offers a choice of three different fare levels: Classic Plus, Classic or Economy, with varying levels of service. The Classic Plus ticket is fully refundable, changeable and provides the customer with the ability to confirm a seat on a different flight the same day of travel for no charge. In addition, Classic Plus customers get priority boarding, two checked bags, complimentary DIRECTV, an in-flight snack, a premium beverage and 150% mileage credit in *EarlyReturns*®. The Classic customer gets advanced seat assignments, two complimentary checked bags, complimentary DIRECTV and 125% *EarlyReturns*® mileage credit. In addition, Classic customers will be charged only a $50 fee for itinerary changes and $75 for same day confirmed changes. Economy is the lowest fare ticket with no included amenities. Early results indicate that 29% to 47% of eligible revenue booked on Frontier's website or through their reservation center is for higher fare classes.

h. Liquidity Initiatives

The Debtors entered into a series of unrelated transactions that bolstered their liquidity position. The more significant aircraft-related transactions include the following:

- In May 2008, Frontier closed on the sale of two Airbus A319 aircraft.
- On August 5, 2008, the Bankruptcy Court authorized Frontier to sell an additional six Airbus A319 aircraft. The Debtors closed on all six sales.
- On August 5, 2008, the Bankruptcy Court authorized a series of transactions between the Debtors and GE Commercial Aviation Service LLC ("**GECAS**"), whereby Frontier agreed to sell and lease back up to four Airbus A319 aircraft. Between August 2008 and January 2009, the Debtors and GECAS entered into certain corresponding transactions, including the sale and lease back of one of the four Airbus aircraft.
- In July 2008, Frontier deferred the delivery of eight Airbus A320 aircraft, which had been scheduled between February 2009 and November 2010, to between February 2011 and November 2012 and received a refund of the then-outstanding pre-delivery payments associated with these aircraft.

Furthermore, the Debtors secured initial post-petition financing on August 5, 2008 from a group of lenders made up of Republic, Credit Suisse Securities, Cayman Islands Branch, AQR Capital, LLC and CNH Partners, LLC. The loan was for an aggregate principal amount of $30 million and was secured by first priority liens on substantially all of the Debtors' assets. This credit facility was to mature on April 1, 2009 and paid interest at an annual rate of 14% if paid in cash or 16% if paid in kind. On March 20, 2009, the Bankruptcy Court approved an amended and restated DIP facility, whereby Republic stepped into the shoes of the other lenders and provided an aggregate amount of $40 million of financing to support the Debtors' ongoing working capital needs. This facility, which Republic funded on April 1, 2009, matures on December 1, 2009 and pays interest at an annual rate of 13% if paid in cash or 15% if paid in kind.

i. Post-Emergence Strategy

The Debtors aim to continue positioning Frontier as one of the lowest unit cost operators in the industry and maintain its competitive cost advantage versus Frontier's primary competitors, United Airlines and Southwest Airlines.

- The Debtors' significant restructuring accomplishments have resulted in a competitive post-bankruptcy cost structure.
- Frontier is one of the lowest unit cost operators in the industry (CASM ex-fuel).

- Frontier intends to continue to transition from Airbus A318 aircraft into higher-capacity Airbus A320 aircraft.

The Debtors' goal is to capture the largest market share at DIA, Frontier's primary hub.

- Frontier is well-positioned to gain market share as the presence of the historically dominant competitor in Denver continues to shrink.

- The Denver market is projected to grow 2% per year in domestic passenger traffic.

- Frontier also seeks to capture the largest share in the Denver business passenger market. This higher yield market is typically secured by the dominant carrier(s) in a city.

The Debtors aim to continue successfully generating alternative revenue streams and innovative product offerings.

- Revenue from ancillary sources is projected to continue to be significant between fiscal year 2009 and fiscal year 2014.

The Debtors aim to grow their regional operations through their regional subsidiary, Lynx.

- The Debtors project growth into certain smaller markets where competitors are reducing capacity.

Section 2.2 Management and Employee Matters

a. Management

The Debtors' management team is comprised of highly capable professionals with substantial airline and other applicable industry experience. Information regarding the Debtors' executive officers is as follows:

Name	Position
Sean Menke	Director, President and Chief Executive Officer
Christopher L. Collins	Executive Vice President and Chief Operations Officer
Ann E. Block	Senior Vice President - People
Ted Christie	Senior Vice President and Chief Financial Officer
Gerry Coady	Senior Vice President and Chief Information Officer
Matt Henry	Vice President and General Counsel
Tom Bacon	Vice President - Revenue Planning

Name	Position
Cathy Bradley	Vice President - Inflight Services
Dennis Crabtree	Vice President - Safety and Security
Heather Iden	Vice President - Controller
Ronald L. McClellan	Vice President - Maintenance and Engineering
Elissa A. Potucek	Vice President - Treasurer and Budgets
Daniel M. Shurz	Vice President - Strategy and Planning
Cliff Van Leuven	Vice President - Customer Service

Sean Menke. Mr. Menke has been a Director, President and Chief Executive Officer of Frontier Holdings since September 2007. Mr. Menke was the Executive Vice President, Commercial Strategy for Air Canada from May 2007 to August 2007, and was Executive Vice President and Chief Commercial Officer for Air Canada from July 2005 to May 2007. Mr. Menke has over 15 years of aviation experience, including serving as Frontier Holdings' Senior Vice President and Chief Operating Officer from July 2004 to July 2005, Senior Vice President of Marketing from November 2003 to June 2004, and Vice President of Marketing and Planning from June 2000 to November 2003.

Christopher L. Collins. Mr. Collins has served as Executive Vice President and Chief Operations Officer since April 2007. Prior to this appointment, he served as Senior Vice President of Operations since January 2006. Mr. Collins has over 20 years of aviation experience. Prior to joining Frontier Holdings, he served as Vice President, System Operations for JetBlue Airways from March 1999 to December 2005. Before working for JetBlue, he served Continental Airlines for over a decade in several different executive and senior management capacities including six years as Continental's Vice President of Operations and Planning for its Micronesia operations.

Ann E. Block. Ms. Block has served as the Senior Vice President - People, since June 2007. Prior to this appointment, she served as Senior Vice President - Inflight and Administrative Services from November 2003 to June 2007. Previous appointments with Frontier include Vice President - Inflight Services and Human Resources (April 2002 to November 2003), Vice President - Human Resources and Flight Services (June 2000 to April 2002), and Vice President - Human Resources (March 1999 to June 2000). Before joining Frontier Holdings in March 1999, she served as Director-Human Resources Strategy and Services for BlueCross BlueShield of Colorado. From 1971 to 1996, she served in various capacities with Public Service Company of Colorado. From 1996 to 1997, she served as Director, Total Compensation for HR Source, Inc.

Ted Christie. Mr. Christie has served as Chief Financial Officer since June 2008. Prior to this appointment, he served as Frontier Holdings' Senior Vice President, Finance since February 2008 and as Vice President, Finance from May 2007 to February 2008. Prior to May 2007, he held several positions with the Debtors, including Corporate Financial Administrator, Director of Corporate Financial Planning and Senior Director of Corporate

Financial Planning and Treasury. Before joining Frontier Holdings in December 2002, he served as Director of Marketing and Research and as Vice President, Finance with Alexander Capital Corporation, a company involved in equipment finance and leasing.

Gerry Coady. Mr. Coady has served as Senior Vice President and Chief Information Officer since March 2008. Prior to this appointment, he served as Vice President and Chief Information Officer from May 2007 to February 2008. Prior to joining Frontier Holdings in May 2007, he was the Chief Technological Officer and Executive Vice President of Engineering at Evident Software. Prior to that, he was the Chief Information Technology Officer at Excel Energy. Mr. Coady has also held leadership positions at IBM and J.D. Edwards and Company, and spent many years with Digital Equipment Corporation in the United States as well as Ireland and France. Mr. Coady has over 25 years of international experience in various aspects of IT and software product development.

Matt Henry. Mr. Henry has served as Vice President and General Counsel since March 2008. Prior to this appointment, he served as Senior Corporate Counsel since February 2003. Before joining Frontier Holdings, Mr. Henry served as Assistant General Counsel for El Paso Electric Company, a public utility located in El Paso, Texas, and was a partner at Kemp Smith, PC in El Paso, where he practiced corporate, securities and bankruptcy law from 1991 to 1999.

Tom Bacon. Mr. Bacon has served as Vice President - Planning and Revenue Management since April 2008. He was recently named Vice President - Revenue Planning. Prior to joining Frontier Holdings, Mr. Bacon served as Vice President, Planning, for Mesa Air Group, from January 2007 through April 2008. He has over 25 years of experience in aviation. Prior to Mesa, Mr. Bacon served as Vice President, Marketing and Strategy, for Bombardier Flexjet, and Senior Vice President, Marketing and Planning, for American Eagle Airlines. Prior to working at American Eagle, Mr. Bacon held a number of positions in finance and planning at American Airlines.

Cathy Bradley. Ms. Bradley has served as Vice President - Inflight Services since 2006. Prior to this appointment, she served as Vice President of Inflight Services for Independence Air since 2000. From 1995 to 1999 she was Director of Inflight Services at America West Airlines. Ms. Bradley holds a degree from the University of Oklahoma.

Dennis Crabtree. Mr. Crabtree has been with Frontier Holdings since April 2006 and he has served as the Vice President - Safety and Security since November 2006. Mr. Crabtree brings over 34 years of aviation industry experience in flight operations, safety and regulatory compliance to the Debtors. Prior to joining Frontier Holdings, Mr. Crabtree served as Director of Aviation Services for FEI Behavioral Health, where he was an Account Executive providing airline clients with crisis management and emergency preparedness consulting. Prior to joining FEI, Mr. Crabtree spent close to two years cofounding startup passenger airline HeartLand Airlines, two and a half years as Vice President and Senior Vice President of Operations at Midwest Express and over ten years at Continental in various leadership roles in Safety and Regulatory Compliance and as President of Continental Express.

Heather Iden. Ms. Iden has served as Vice President - Controller since February 2008, in which position she oversees general accounting, revenue accounting and financial reporting functions. Prior to this appointment, she held two positions as Director of Corporate and Financial Reporting and Senior Manager, Financial Reporting since 2005. Before joining Frontier Holdings in 2005, Ms. Iden served as Manager of Financial Reporting and Technical Accounting for Cenveo, Inc., the producer of envelopes and one of the largest commercial printers in North America. Before joining Cenveo, Inc., she served as Controller for Cavion Technologies, Inc., a start-up internet banking company that had its initial public offering during her tenure. Prior to joining Cavion Technologies, Inc., she worked for Arthur Andersen, LLP in Denver for five years. Ms. Iden is a certified public accountant.

Ronald L. McClellan. Mr. McClellan has served as Vice President - Maintenance and Engineering since January 2002. Mr. McClellan oversees approximately 450 employees who perform the airline's heavy "C" check maintenance, line maintenance, engineering, machine shops and avionics functions. Mr. McClellan possesses over 30 years of aviation and maintenance experience, including five years with Kansas City, Missouri-based Vanguard Airlines as Vice President of Maintenance and Engineering. He also served as Trans World Airlines' Managing Director of Aircraft Acquisition and held a number of key maintenance positions at Continental Airlines, People Express Airlines and New Jersey-based Executive Air Fleet, Inc. Mr. McClellan served two terms in the United States Air Force, including service as a crew chief with USAF Thunderbirds from 1973-1975. He is a licensed Airframe and Powerplant (A&P) mechanic.

Elissa A. Potucek. Ms. Potucek has served as Controller/Treasurer since June 1995 and Vice President since September 1996. In February 2008, her title was changed to Vice President - Treasurer and Budgets. From 1991 to 1995, she was Controller of Richardson Operating Company and Richardson Production Company, an oil and gas company based in Denver. She served from 1990 to 1991 as Controller of Coral Companies in Denver, having earlier held accounting positions with US West Paging from 1988 to 1989, and with KPMG Peat Marwick from 1985 to 1988.

Daniel M. Shurz. Mr. Shurz has served as Vice President - Strategy and Planning since June 2009. Mr. Shurz was the Vice President, Network Planning and Alliances for Air Canada from 2006 to 2009, and was the Director, Business Development for Air Canada from 2005 to 2006. Prior to his tenure at Air Canada, Mr. Shurz was the General Manager, Bus Operations for the Chicago Transit Authority and served in several capacities for United Airlines, including Manager, Domestic Planning.

Cliff Van Leuven. Mr. Van Leuven has served as Vice President of Customer Service since March 2004. Mr. Van Leuven has 28 years of airline customer service experience, including 21 years with Northwest Airlines and four years with Midwest Airlines in Milwaukee. Mr. Van Leuven served as Vice President of Customer Service for Midwest Airlines in Milwaukee where he helped the company earn numerous worldwide airline awards for superior customer service. While at Midwest, Mr. Van Leuven managed over 1,000 employees in 32 cities and was responsible for station operations, customer service, air cargo/mail sales and cabin

service. In addition, Mr. Van Leuven led the consumer affairs efforts for both Midwest and its commuter subsidiary, Skyway (now Midwest Connect).

b. Employee Matters – Collective Bargaining

As of March 31, 2009, the Debtors had a total of approximately 5,283 employees, including 4,253 full-time employees and 1,030 part-time and on-call personnel. The Debtors' employees include 801 pilots, 1,039 flight attendants, 1,490 customer service agents, 187 scouts and on-call personnel, 619 ramp service agents, 277 reservations agents, 118 aircraft appearance agents, 90 catering agents, 480 mechanics and related personnel and 182 general management and administrative personnel. Approximately 20% of these employees are represented by unions. The following table, which is as of May 2009, presents certain information concerning the union representation of the Debtors' employees.

Employee Group	Approximate Number of Employees Represented	Union	Date on which Collective Bargaining Agreement Becomes Amendable
Pilots	691	Frontier Airline Pilots Association	March 2012
Mechanics and Tool Room Attendants	273	International Brotherhood of Teamsters	October 2011[7]
Aircraft Appearance Agents and Maintenance Cleaners	111	International Brotherhood of Teamsters	September 2015
Material Specialists	25	International Brotherhood of Teamsters	October 2011[7]
Dispatchers	15	Transport Workers Union	September 2012

On November 6, 2008, the Association of Flight Attendants-CWA ("**AFA-CWA**") filed a petition with the National Mediation Board to hold a representational election on behalf of 98 Lynx flight attendants. In January 2009, Lynx's flight attendants voted to be represented by AFA-CWA. Lynx is currently in the process of negotiating a labor agreement with its flight attendants.

[7] These agreements were rejected on November 14, 2008 pursuant to section 1113 of the Bankruptcy Code by order of the Bankruptcy Court. IBT appealed the Bankruptcy Court's order and on July 20, 2009, the United States District Court for the Southern District of New York vacated and remanded the Bankruptcy Court's ruling. Frontier is considering its options as to next steps.

Section 2.3 Pre-Petition Capital Structure

a. Frontier Stock

On the Petition Date, the Debtors had 100 million authorized shares of common stock, no par value, $0.001 stated value, of which 36,945,744 shares were outstanding, and 1 million authorized shares of preferred stock, no par value, none of which were issued. As of the Petition Date, Lynx and Frontier were directly wholly-owned by Frontier Holdings.

b. Options and Other Securities with Values Keyed to Common Stock

On the Petition Date, Frontier Holdings had outstanding $92 million principal amount of convertible notes that, in the aggregate, granted to holders of those securities the right to acquire approximately 8,899,638 shares of common stock. On the Petition Date, Frontier Holdings had 3,461,532 outstanding stock options and outstanding stock appreciation rights, 482,472 in restricted share units and 300,340 in cash-settled restricted share units. As of the Petition Date, the Debtors had reserved 3,187,000 shares of their common stock under their employee stock ownership plan and had 3,833,946 warrants outstanding.

c. Secured Debt

The Debtors had approximately $570.1 million principal amount of secured debt outstanding on the Petition Date, including the following:

1. Credit Facilities

Revolving Facility and Letters of Credit for General Corporate Purposes

In March 2005, Frontier Holdings entered into a two-year revolving credit facility ("**Credit Facility**") to support letters of credit and for general corporate purposes. The initial Credit Facility was renewed until July 2009. Under this facility, Frontier Holdings was permitted to borrow the lesser of $20 million or an agreed percentage of the current market value of pledged eligible spare parts securing the debt. The amount available for letters of credit was equal to the maximum commitment amount under the facility less current borrowings. Interest under the Credit Facility was based on a designated rate plus a margin. In addition, there was a quarterly commitment fee on the unused portion of the facility based on the maximum commitment amount. As of the Petition Date, Frontier Holdings had letters of credit issued of $14.6 million and outstanding short-term borrowings of $3.0 million. Pursuant to an agreement reached with the lender as a result of the Chapter 11 filing, Frontier Holdings currently cannot borrow additional amounts under this facility. In May 2009, the Bankruptcy Court authorized an amendment to this agreement providing an extension of two letters of credit in the amounts of $4.5 million and $1.5 million to September 30, 2009 and June 7, 2010, respectively.

Revolving Facility and Letters of Credit for Facility Leases

In July 2005, Frontier Holdings entered into an agreement, which was subsequently amended, with a financial institution for a $5.75 million revolving line of credit that permits Frontier Holdings to issue letters of credit of up to $5 million. As of the Petition Date, Frontier Holdings had utilized approximately $4.1 million under this agreement for standby letters of credit that provide credit support for certain facilities leases. Frontier Holdings also entered into a separate agreement with this financial institution for a fully cash collateralized letter of credit of $2.85 million. In June 2008, Frontier Holdings entered into a stipulation with the financial institution, which was approved by the Bankruptcy Court, which resulted in the financial institution releasing its liens on working capital in exchange for cash collateral. This stipulation also provided for the issuance of new letters of credit. Frontier Holdings fully cash collateralized the letters of credit outstanding and agreed to cash collateralize any additional letters of credit to be issued.

2. Secured Aircraft-Related Debt

As of the Petition Date, the Debtors were party to a significant number of secured aircraft-related financing agreements, with installments due from 2008 to 2023. As of the Petition Date, approximately $567.1 million of debt was outstanding and secured by aircraft. On the Petition Date, there was $4.4 million of accrued and unpaid interest on mortgages.

d. Unsecured Debt

As of the Petition Date, Frontier Holdings had $92 million principal amount of unsecured debt outstanding, consisting of 5.0% Convertible Notes due 2025 and approximately $1.5 million of accrued and unpaid interest on the notes.

e. Pre-Delivery Deposit Financing

In November 2007, Frontier entered into a pre-delivery deposit facility ("**PDP Facility**") for the purpose of financing obligations to make pre-delivery payments on eight A320 aircraft. The PDP Facility allowed Frontier to draw amounts up to $22.2 million for aircraft deliveries through August 2010. As of the Petition Date, there was $3.1 million principal outstanding under the PDP Facility. The PDP Facility has been terminated.

Section 2.4 Reorganized Capital Structure

In connection with or under the Plan, Frontier Holdings intends to become a wholly-owned subsidiary of Republic or whatever other entity becomes the Plan Sponsor. The Reorganized Debtors expect to have the capital structure described below upon their emergence from Chapter 11.

a. Frontier Equity Ownership

Reorganized Frontier Holdings expects to have 1,000 authorized shares of common stock, all of which will be owned by Republic or whatever other entity becomes the Plan Sponsor.

b. Aircraft Debt

As of the Effective Date, the Reorganized Debtors expect to have approximately $365 million in aircraft-related debt secured by twenty aircraft.

c. Other Debt

As of the Effective Date, the Reorganized Debtors expect to have unsecured debt of approximately:

- $3 million payable to DIA; and
- $12 million payable on account of priority tax claims.

d. Lease Obligations

As of the Effective Date, the Reorganized Debtors expect to lease 42 aircraft, for which they will make payments of approximately $113 million over the next twelve months.

Section 2.5 Additional Information and Historical Financials

Additional information concerning the Debtors' business operations and financial results are set forth in Frontier Holdings' filings with the Securities and Exchange Commission (the "**SEC**"), including its Annual Report on Form 10-K for the year ended March 31, 2009. These filings are available on the SEC's website (located at *www.sec.gov*) or on Frontier's website (located at *www.frontier.com*).

ARTICLE 3
EVENTS LEADING UP TO THE CHAPTER 11 CASES

In the last several years, the airline industry has undergone fundamental and permanent changes, driven predominantly by a weak and changing revenue environment and significant cost pressures.

The changed revenue environment resulted from several factors, including:

- *Growth and overcapacity in the industry:* With the deregulation of the U.S. airline industry, Frontier and other smaller carriers entered markets long dominated by larger airlines with substantially greater resources, such as Frontier's principal

competitor, United Airlines ("**United**"). In January 2006, Southwest Airlines ("**Southwest**"), the largest low-cost U.S. airline, introduced service at DIA. Since it introduced service, Southwest has significantly grown its operations at DIA. While the Debtors do not compete directly with United and/or Southwest, they compete with many other air carriers for the limited number of passengers desiring travel between the cities they serve. With excess capacity in these and almost all markets, it is extremely difficult to demand fare levels sufficient to offset the high costs of operating an airline, particularly aviation fuel costs.

- *Price sensitivity of customers:* The enhanced availability of fare information on the Internet has accelerated the change in air travel from a premium service to a commodity, providing fare transparency to passengers, who can quickly and easily compare fares (and flight schedules) offered by numerous airlines. Business and leisure travelers continue to reevaluate their travel budgets and remain highly price sensitive. Increased competition has prompted aggressive strategies from competitors through discounted fares and sales promotions. These changes in the business travel market appear to be permanent.

At the same time that the revenue environment was changing rapidly, the airline industry was facing significant cost pressures, most notably from:

- *Continually escalating fuel costs:* An unprecedented increase in the price of aviation fuel has dramatically depressed airline industry profits. By way of example, mainline's average fuel price per gallon, net of hedging activities, increased from $1.99 in 2006 to $2.12 in 2007 to $2.45 in 2008. As of April 9, 2008, the average system-wide price of fuel was approximately $3.39 per gallon. The Debtors' fuel expense, including the impact of hedging, increased to $531 million for the year ending March 31, 2009 from approximately $455 million for the year ending March 31, 2008.

- *Escalating taxation in the industry and the financial impact of the terrorist attacks of September 11, 2001:* Airline-specific taxes, fees and insurance premiums have increased costs for the industry as a whole. Enhanced security measures instituted after September 11, 2001 and security fees imposed on passengers are also a significant burden on the industry.

In short, these increased cost pressures, in combination with the depressed revenue environment, have had a profound effect on the airline industry.

During 2007 and 2008, Frontier responded to the competitive landscape by implementing cost reduction and profit improvement initiatives. Frontier made several network adjustments to its operations to better align them to its strengths, such as implementation of a more constrained day-of-week capacity and reduction of capacity or elimination of service in several non-Denver domestic markets as well as non-Denver point-to-point flights to Mexico and "red-eye" flights. In November 2007, the Debtors announced their plan to reinforce capacity to their top

destinations to support the start-up of Lynx by closing unprofitable routes and increasing frequencies and capacity in several markets served through the hub in DIA. In December 2007, the Debtors completed a reduction in force of office administrative personnel consisting of 86 employees. In January 2008, the Debtors discontinued service to Mexico from several of their non-hub markets and discontinued service to Florida and to Nevada from Memphis, Tennessee. The Debtors also adjusted seasonal service in several of their markets.

In fiscal year 2008, Frontier increased passenger revenue by 17.4% and passenger unit revenue by 4.5% over the prior year. The increase in Frontier's passenger unit revenue was primarily attributable to the increase in Frontier's load factor year-over-year by 4.9 points and an increase of average fares. However, these cost reduction and revenue improvement benefits realized under Frontier's plan were outpaced by historically high aircraft fuel prices, and Frontier continued to operate in a weak pricing environment, which limited its ability to increase fares to offset high fuel costs.

The Debtors' filing of voluntary petitions for relief under chapter 11 of the Bankruptcy Code in April 2008 followed an unexpected attempt by First Data Corporation ("**First Data**"), the Debtors' principal bankcard processor, to substantially increase a "holdback" of customer receipts from the sale of tickets. The vast majority of the tickets sold for the Debtors' flights involve a bankcard transaction processed by First Data. On April 8, 2008, First Data sent the Debtors a letter stating its intent to increase – beginning on April 11, 2008 – the collateral required under its bankcard agreement with the Debtors from $54.5 million to $130 million and to retain 50% of the Debtors' bankcard sales proceeds under the bankcard agreement. This material and unexpected notice of an intent to alter the Debtors' payment stream, if implemented, would have deprived Frontier of approximately 50% of expected receipts for ticket sales under the bankcard agreement. This change in established practices would have represented a material adverse change to the Debtors' cash forecasts and business plan, put severe restraints on the Debtors' liquidity and made it impossible for the Debtors to continue normal operations. Due to historically high fuel prices, continued low passenger mile yields, cash holdbacks instituted by Frontier's other credit card processor and the threatened increased holdback from First Data, the Debtors determined that they could not continue to operate without the protections provided by chapter 11.

ARTICLE 4
THE CHAPTER 11 CASES AND CERTAIN SIGNIFICANT EVENTS AND INITIATIVES

On April 10, 2008 (the "**Petition Date**"), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. Since the Petition Date, the Debtors have continued to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The following is a general summary of the Chapter 11 Cases, including, without limitation, a discussion of the Debtors' restructuring and business initiatives since the commencement of the Chapter 11 Cases.

Section 4.1 Overview of Chapter 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11, a debtor can reorganize its business for the benefit of itself, its Creditors and its interest holders. Chapter 11 also promotes equality of treatment for similarly situated Creditors and similarly situated interest holders with respect to the distribution of a debtor's assets.

The commencement of a chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of that date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor-in-possession."

Section 4.2 Restructuring Overview

The Debtors' reorganization in chapter 11 has involved a fundamental transformation of their businesses, rather than simply a balance sheet restructuring like many other bankruptcies. Shortly after the Petition Date, the Debtors began executing a restructuring plan intended to make Frontier a more efficient airline with improved operations, a reduced cost structure and an improved financial structure and outlook.

Since the Petition Date, the Debtors have made substantial progress in restructuring their operations, especially in light of the economic downturn, unfavorable credit market conditions and volatility in the price of oil. Since the Petition Date, the Debtors and their advisors have dedicated significant time and resources to, among other things: (a) securing, negotiating and entering into debtor-in-possession financing; (b) amending, expanding and extending such debtor-in-possession financing facility; (c) rationalizing the Debtors' fleet and reducing their debt obligations in connection therewith; (d) successfully negotiating critical long-term concessionary agreements with FAPA, the TWU and the Aircraft Appearance Agents and Maintenance Cleaners represented by IBT, and pursuing relief under section 1113 of the Bankruptcy Code against their Aircraft Technicians, Ground Service Equipment Technicians and Tool Room Attendants and their Material Specialists represented by IBT when consensual negotiations unfortunately failed to yield critical concessions; (e) establishing a claims reconciliation and objection process, including procedures for the classification of, and objection to, thousands of claims; (f) continuing the process of analyzing hundreds of leases and executory contracts to identify those that are beneficial to the Debtors' estates and renegotiating or rejecting those with terms unfavorable to the Debtors; and (g) finding, securing, negotiating and entering into new and amended business relationships with various vendors, service providers and utilities.

Section 4.3 Certain Significant Events and Initiatives During the Chapter 11 Cases

a. Automatic Stay

The filing of the Debtors' bankruptcy petitions on the Petition Date triggered the immediate imposition of the automatic stay under section 362 of the Bankruptcy Code, which, with limited exceptions, enjoined all collection efforts and actions by Creditors, the enforcement of Liens against property of the Debtors and both the commencement and the continuation of pre-petition litigation against the Debtors. With certain limited exceptions, the automatic stay remains in effect until the Effective Date of the Plan. Other than the Chapter 11 Cases, the Debtors do not believe there are any legal proceedings pending in which they are a party or of which any of their property is the subject that are not adequately covered by insurance maintained by the Debtors or which have sufficient merit to result in a material adverse affect upon the Debtors' business, financial condition, results of operations or liquidity.

b. Description of Certain Significant First Day Motions and Orders

On the Petition Date, the Debtors filed numerous "first day" motions seeking various relief intended to ensure a seamless transition between the Debtors' pre-petition and post-petition business operations and to facilitate the smooth administration of the Chapter 11 Cases. The relief requested in these orders, among other things, allowed the Debtors to continue certain normal business activities that may not be specifically authorized under the Bankruptcy Code or as to which the Bankruptcy Code may have otherwise required additional Bankruptcy Court approval. Substantially all of the relief requested in the Debtors' "first day" motions was granted by the Bankruptcy Court. These motions and orders are available for review at the Debtors' case information website (located at *www.frontier-restructuring.com*).

The orders entered pursuant to the Debtors' "first day" motions authorized the Debtors to, among other things:

- establish certain notice, case management and administrative procedures;
- pay pre-petition employee wages and benefits and allow employees to proceed with outstanding workers' compensation claims;
- continue use of existing cash management system, bank accounts and business forms;
- continue use of their existing investment policy guidelines to invest cash;
- honor pre-petition obligations to customers and honor customer programs;
- establish procedures pursuant to which utilities are prohibited from discontinuing service except in certain circumstances;

- pay pre-petition sales and use taxes, transportation taxes, airport fees, passenger facility charges, fuel taxes, employment taxes and other similar taxes and fees;

- fund, maintain and manage a separate bank account for passenger facility charges;

- continue and renew their liability, property, casualty and other insurance programs;

- honor derivative contracts and enter into additional derivative contracts subject to certain restrictions;

- pay pre-petition claims of certain critical vendors;

- assume Interline Agreements and similar agreements in the ordinary course of business;

- pay pre-petition obligations to foreign creditors;

- continue and renew their letter of credit and surety bond programs; and

- honor fuel supply contracts, storage fuel contracts, into-plane service contracts and other fuel service arrangements.

c. Appointment of Unsecured Creditors' Committee

On April 24, 2008, the United States Trustee for the Southern District of New York appointed the Statutory Committee of Unsecured Creditors (the "**Creditors' Committee**"). The members of the Creditors' Committee are: U.S. Bank National Association; Airbus S.A.S.; Goodrich Corporation; Credit Suisse Securities (USA) LLC; Republic Airlines, Inc.; Frontier Airline Pilots Association; and AQR Capital. The Creditors' Committee retained Wilmer Cutler Pickering Hale and Dorr LLP as its legal advisor, Houlihan Lokey Howard & Zukin Capital, Inc. as its financial advisor and Simat Helliesen & Eichner, Inc. as its aviation consultant.

Since the formation of the Creditors' Committee, the Debtors have consulted with the Creditors' Committee concerning the administration of the Chapter 11 Cases. The Debtors have kept the Creditors' Committee informed of, and have conferred with the Creditors' Committee on, matters relating to the Debtors' business operations and have sought the concurrence of the Creditors' Committee to the extent its constituency would be affected by proposed actions and transactions outside of the ordinary course of the Debtors' businesses. The Creditors' Committee has participated actively with the Debtors' management and professional advisors in reviewing the Debtors' business plans and operations.

d. First Data

Frontier has a contract with First Data, its bankcard processor, that requires a holdback of bankcard funds equal to a certain percentage of the air traffic liability associated with the estimated amount of bankcard transactions. Immediately prior to the Petition Date, First Data notified Frontier of its intent to increase that holdback.

In June 2008, the Debtors reached a revised agreement with First Data that requires adjustments to the reserve account based on current and projected air traffic liability associated with these estimated bankcard transactions. From June 26, 2008 through October 1, 2008, any further holdback was temporarily suspended pursuant to a court-approved stipulation.

Beginning October 1, 2008, First Data resumed holding back a certain percentage of bankcard receipts, which hold back is designed to continue until First Data becomes fully collateralized. The Debtors anticipate that First Data will be fully collateralized by September 2009, at which point First Data will cease holding back amounts due from the Debtors' bankcard receipts.

e. Post-Petition Financing

On August 5, 2008, the Bankruptcy Court approved a secured super-priority debtor-in-possession credit agreement (the "**Initial DIP Facility**") with Republic, Credit Suisse Securities, Cayman Islands Branch, AQR Capital, LLC and CNH Partners, LLC as lenders ("**Initial DIP Lenders**").

The Initial DIP Facility was designed to provide the Debtors with near-term operating liquidity. It provided for term loans in an aggregate principal amount of $30 million. The Debtors were permitted to request additional term loans in an aggregate principal amount of not more than $45 million, which the Initial DIP Lenders could provide in their sole discretion. The Initial DIP Facility provided for the payment of interest monthly at an annual rate of 16% if paid in kind or 14% if paid in cash. The Initial DIP Facility provided for maturity on the earliest of (i) April 1, 2009, (ii) the effective date of a plan of reorganization or (iii) the date of termination of the Initial DIP Lenders' obligations, pursuant to the terms of the Initial DIP Facility, to permit existing loans to remain outstanding. The Initial DIP Facility and the related guarantees were secured by first priority liens on all of the Debtors' present and future assets, with certain exceptions. On August 8, 2008, funding was provided under the Initial DIP Facility in the amount of $30 million, before applicable fees.

While the Debtors' restructuring and liquidity initiatives have been successful, the Debtors needed an extension of the Initial DIP Facility beyond its April 1, 2009 maturity to allow sufficient time for the Debtors' emergence from bankruptcy. As part of an amended and restated DIP facility dated April 1, 2009 (the "**DIP Facility**"), Republic agreed to step into the shoes of the other Initial DIP Lenders and provide continued DIP financing through December 1, 2009. The DIP Facility provides the Debtors with lower financing costs, fewer restrictive covenants and greater flexibility to pursue strategic opportunities. The Bankruptcy Court issued

an order approving the DIP Facility on March 20, 2009. Following court approval, Republic provided funding of $40 million to refinance the expiring Initial DIP Facility and to support the Debtors' additional working capital needs.

The terms of the DIP Facility are similar to the terms of the Initial DIP Facility, with the principal exceptions described below.

The DIP Facility provides for term loans in an aggregate principal amount of $40 million, which were funded on April 1, 2009 (the "**DIP Closing Date**"), bearing interest at an annual rate of 15% if paid in kind or 13% if paid in cash and maturing on December 1, 2009.

The liens and super-priority claims of Wells Fargo Bank Northwest, National Association (the "**DIP Agent**") and Republic are (a) subject to a carve-out of roughly $13 million, which amount would be used to satisfy (i) any unpaid fees of the U.S. Trustee or the Clerk of the Bankruptcy Court pursuant to 29 U.S.C § 1930(a), (ii) any fees incurred by any trustee under section 726(b) of the Bankruptcy Code, (iii) the aggregate allowed unpaid fees and expenses payable under sections 330 and 331 of the Bankruptcy Code to professional persons retained pursuant to an order of the Bankruptcy Court by any Debtor or by any applicable committee and (iv) all other expenses related to a wind-down of the Debtors' estates and (b) *pari passu* with the First Data Claim.

The Debtors are also subject to certain negative covenants under the DIP Facility. The DIP Facility permits the Debtors to, among other things: (i) dispose of up to four A318 aircraft and retain up to $1.2 million per aircraft in proceeds thereof; (ii) enter into operating leases for up to four additional A320 aircraft upon the satisfaction of certain conditions; (iii) acquire up to three Q400 aircraft; and (iv) enter into sale and lease back arrangements for Q400 engines, subject to applying 50% of the net cash proceeds to prepay outstanding loans. The costs associated with entering into the DIP Facility included the payment of a commitment fee, the reimbursement of Republic's fees and expenses in a capped amount and payment of paid-in-kind interest accrued through the closing date under the Initial DIP Facility. Finally, as a condition to Republic's commitment, the Debtors settled Republic Airlines' claims with respect to the earlier rejection of Republic Airlines' agreement with the Debtors by allowing proofs of claims in the amount of $150 million as pre-petition, non-priority, unsecured claims against Frontier and Frontier Holdings.

The DIP Facility requires the Debtors to make mandatory prepayments of the loans with (i) 100% of the net cash proceeds of any issuance of stock to, or any capital contribution by, a person other than a Debtor and (ii) between 0% and 100% of the net cash proceeds of asset sales, sale and lease back transactions, casualty events and other dispositions, depending on the type of transaction and asset disposed of and subject to certain baskets.

The Debtors expect that the DIP Facility will be repaid in full upon emergence from Chapter 11.

f. Equity Sponsorship

In early 2009, having completed the majority of their restructuring initiatives, the Debtors intensified their focus on their emergence capital structure and financing alternatives. Several key issues were considered in this assessment. First, the Debtors determined that they would need sufficient cash reserves at emergence to weather the uncertainties of the airline business, including, among other things, the impact of economic conditions on revenue, competitive actions and fuel costs. Second, the Debtors determined that their desired cash balances could only be achieved through a significant cash injection at emergence. Third, the Debtors determined that debt financing sufficient to achieve the desired amount of capital, even if available, would impose an unsuitable drain on the Debtors' ongoing cash flows given the Debtors' projected cash flows and continuing debt and lease obligations. Accordingly, the Debtors, after consultation with the Creditors' Committee, decided that new equity capital in Frontier Holdings was the appropriate way to fund the Debtors' emergence from bankruptcy.

Frontier, together with its financial advisor, Seabury Securities LLC ("**Seabury**"), prepared an extensive list of potential strategic and financial investors. Seabury began contacting those prospective investors in January 2009. Management met with a number of such investors in February and March 2009. For a variety of reasons, including the state of the capital markets, the state of the airline industry, the significant amount of capital sought and the fact that Republic, through the DIP Facility and its large rejection claim, could have a significant impact on the outcome of the Chapter 11 Cases, the number of prospective investors dwindled rapidly. Ultimately, Republic expressed the most interest in acting as the Plan Sponsor.

On May 6, 2009, Republic submitted a proposal outlining the terms under which it would invest in the Debtors and act as the Plan Sponsor. Management, Seabury and Davis Polk & Wardwell LLP, as counsel to the Debtors, conducted extensive negotiations with Republic to improve the terms of the proposed investment, including the amount to be invested, the amount and form of consideration to be provided to creditors, the conditions to closing and other terms. On June 3, 2009, the Board of Frontier Holdings approved the term sheet that resulted from the negotiations and it was presented to the Creditors' Committee. Following further negotiation among the parties, Republic's proposal was further amended in accordance with certain requests of the Creditors' Committee.

At the end of this process and after consultation with the Creditors' Committee, the Debtors designated Republic as the Plan Sponsor and finalized a definitive investment agreement (the "**Investment Agreement**")[8] with Republic. Certain salient terms of the Investment Agreement are described below.

Republic's investment pursuant to the Investment Agreement (the "**Investment**") or a higher or otherwise better investment identified through the Proposal Process (as defined below)

[8] Capitalized terms in this section 4.3(f) that are not otherwise defined in the Disclosure Statement or Plan shall have the meanings ascribed to them in the Investment Agreement.

would form the basis of a plan of reorganization and allow the Debtors to emerge from the Chapter 11 Cases under a plan of reorganization that would maximize value for the Debtors' estates, their creditors and other parties in interest. Pursuant to the Investment Agreement, Frontier Holdings would issue to Republic shares of common stock representing 100% of the total equity of Frontier Holdings, on a fully diluted basis, in exchange for $108.75 million (the "**Investment Amount**"), of which $28.75 million in cash would be allocated for payment to holders of Allowed General Unsecured Claims. Republic would be entitled, in its sole discretion, to credit all or any portion of the then-current balance of the monetary obligations owed by the Debtors to Republic under the DIP Facility against the Investment Amount. Republic's allowed general unsecured claim relating to the Debtors' rejection of its capacity purchase agreement would be treated like all other allowed general unsecured claims for voting and distribution purposes.

The Investment Agreement includes customary pre-closing and additional covenants relating to certain issues, including, without limitation, the Debtors' operation of their businesses, the filing of necessary documents with the Bankruptcy Court, notification of certain events, non-solicitation of alternative proposals, cooperation and access, provision of financial information and certain other information relating to the Chapter 11 Cases, receipt of governmental and third-party approvals, maintenance of accounting policies, litigation settlement, tax elections and other tax-related matters, aircraft maintenance programs and ERISA-related issues.

Closing under the Investment Agreement is subject to certain conditions, including, without limitation, (i) compliance by the Debtors in all material respects with the terms of the Investment Agreement, (ii) the absence of any event, circumstance or matter that has had or would reasonably be expected to have a Material Adverse Effect on the Debtors, (iii) the arrangement of financing or a manufacturer back-stop commitment by the Debtors for all firm orders for future aircraft deliveries reflected in the Business Plan, (iv) the Debtors' finalization of their fleet plan, (v) the Debtors' attainment of a collective bargaining agreement amendment, (vi) Republic's completion by July 12, 2009 of certain tax due diligence matters, the results of which shall be satisfactory to Republic, which Republic has now confirmed, (vii) approval of the Investment Agreement by the Bankruptcy Court, which has now occurred, and (viii) confirmation of the Plan. Moreover, the Investment is subject to higher or otherwise better proposals to be solicited by the Debtors in accordance with bidding procedures to be approved by the Bankruptcy Court (the "**Proposal Process**"). If Frontier Holdings selects a higher or otherwise better proposal through the Proposal Process, that proposal would form the basis of the Plan.

Republic may terminate the Investment Agreement upon the occurrence of certain events, and, if approved by the Bankruptcy Court, the Investment Agreement provides for payment by the Debtors of a termination fee in an amount of $3.5 million (the "**Termination Fee**") to Republic in the event of (i) termination of the Investment Agreement by Republic under certain conditions and (ii) the Bankruptcy Court's approval of a person other than Republic as the Plan Sponsor as a result of the Proposal Process or otherwise. The Investment Agreement, if approved by the Bankruptcy Court, also provides that the Debtors shall reimburse Republic up to

a maximum of $350,000 for all reasonable, actual and documented out-of-pocket fees and expenses incurred by or on behalf of Republic in connection with the due diligence, negotiation, preparation, execution, delivery and Bankruptcy Court approval of the Investment if (i) the Debtors are required to pay the Termination Fee or (ii) Republic terminates the Investment Agreement under certain conditions.

g. Summary of Bidding Procedures

In the Investment Agreement Motion, the Debtors have requested that the Bankruptcy Court issue an order approving largely customary bidding procedures (the "**Bidding Procedures**"), including (i) a reasonable period of time and procedures for the development of competing bids, (ii) reasonable "qualified investor" requirements, (iii) reasonable criteria for qualified proposals, including, without limitation, an initial minimum value of $109.75 million (plus, if Republic is not the successful bidder, such amounts sufficient to pay the Termination Fee and the Expense Reimbursement) and a commitment to refinance the DIP Facility and (iv) a minimal increment of $1 million for subsequent bids.

Under the terms of the Investment Agreement, the Debtors and/or Republic may terminate the Investment Agreement if a higher or otherwise better proposal is identified through the Bidding Procedures. If a higher or otherwise better proposal is selected, each incremental dollar of overbid in excess of $108.75 million (excluding such amounts sufficient to pay the Termination Fee and the Expense Reimbursement) shall be allocated to the General Unsecured Creditors until such incremental amount exceeds $20 million. For any incremental amounts over $20 million, bids must specify the allocation between the Debtors and the General Unsecured Creditors.

The Debtors believe that the Bidding Procedures properly balance the Debtors' need to obtain the highest or otherwise best offer for an investment while encouraging Republic to act as a "stalking horse." The Bidding Procedures require delivery to the Debtors' counsel and Seabury of initial submissions no later than August 3, 2009 and subsequent binding proposals no later than August 10, 2009. If the Debtors receive a qualified proposal other than the Investment Agreement, an auction will be held on August 11, 2009 at the offices of the Debtors' counsel. If the Debtors do not receive any higher or otherwise better proposals, then Republic shall continue to be designated as the Plan Sponsor.

h. Labor Cost Restructurings and Certain Other Initiatives

The Debtors have implemented a series of carefully planned workforce reductions and obtained pre-petition and post-petition wage and benefit concessions from their employees and labor unions. In December 2007, a few months prior to the Petition Date, the Debtors completed a reduction in force of office administrative personnel of 86 employees. In September 2008, the Debtors began a system-wide reduction in force of approximately 600 positions, including the termination of 200 employees and elimination of approximately 400 positions through voluntary departures and "early out" retirement programs. This reduction in force included the furloughing of approximately 56 pilots and 41 flight attendants, as well as 34 customer service agents from

stations that reduced capacity and 47 general and administrative employees. The elimination of these positions was completed in November 2008.

1. Unionized Labor Cost Restructuring

Frontier reached agreements with its pilot, dispatcher, maintenance, material specialists and aircraft appearance unions on wage and benefit concessions. A brief description of these agreements follows:

International Brotherhood of Teamsters

In December 2008, Frontier's Aircraft Appearance Agents and Maintenance Cleaners, as represented by IBT, ratified the IBT Appearance Agent Agreement with Frontier. The IBT Appearance Agent Agreement provides Frontier with concessions through December 12, 2012, consisting of wage reductions in the following amounts: 6% in 2009, 6% in 2010, 3% in 2011 and 1% in 2012, respectively. Wage scales for Aircraft Appearance Agents and Maintenance Cleaners effective December 13, 2012 would revert to the pre-petition levels, unless otherwise agreed in the interim. The IBT Appearance Agent Agreement also provided that, prior to December 12, 2012, Frontier would not partially or fully restore the wages of nonsupervisory Customer Service Agents, Catering Agents, Ramp Service Agents, Tower Operations Agents and Scouts/Charter Operations Agents in the Customer Service Workgroup unless such restoration (i) would represent a concession of W-2 compensation equal to or greater than the concessions in effect for the Aircraft Appearance Agents and Maintenance Cleaners subject to the IBT Appearance Agent Agreement or (ii) arose out of or was in connection with legitimate business purposes or a change in work conditions arising after the IBT Appearance Agent Agreement's effective date. In connection with this agreement, Frontier made a limited waiver of rights pursuant to section 1113(c) of the Bankruptcy Code. The agreement also granted the Aircraft Appearance Agents and Maintenance Cleaners represented by IBT an allowed general non-priority unsecured claim under section 502 of the Bankruptcy Code in the Chapter 11 Cases in the amount of $472,196. In November 2008, Frontier's other agreements with workers represented by IBT, the IBT Maintenance Agreement and the IBT Material Specialist Agreement, were rejected and deemed amended by operation of law by order of the Bankruptcy Court pursuant to section 1113 of the Bankruptcy Code. IBT appealed the Bankruptcy Court's order and on July 20, 2009, the United States District Court for the Southern District of New York vacated and remanded the Bankruptcy Court's ruling. Frontier is considering its options as to next steps.

Transport Workers Union

Frontier and Frontier's Aircraft Dispatchers represented by the TWU agreed to restructure their Collective Bargaining Agreement to implement labor restructurings effective October 28, 2008. The agreement provides for periodically decreasing wage reductions from those set forth in a prior collective bargaining agreement. For the first period, from October 28, 2008 to September 14, 2010, the restructured collective bargaining agreement provides for an 8% reduction in pay rates. The agreement also sets forth wage reductions of 6% and 3% for

annual periods beginning September 15, 2010 and September 15, 2011. As of September 15, 2012, wage rates revert back to those set forth in the original Collective Bargaining Agreement dated November 7, 2007. The restructured agreement maintains the suspension of Frontier's matching contributions to Frontier's 401(k) retirement savings plan and limits the amount of vacation buy-back available to the dispatchers. The agreement also granted Frontier's Aircraft Dispatchers represented by the TWU an allowed general non-priority unsecured claim under section 502 of the Bankruptcy Code in the Chapter 11 Cases in the amount of $339,653.

Frontier Airline Pilots Association

The Bankruptcy Court approved a restructuring agreement with FAPA effective January 1, 2009 (the "**FAPA Restructuring Agreement**") to implement pilot wage reductions during 2009 to 2012, modify related 401(k) benefits and seek subsequent court approval for a post-emergence profit sharing plan to benefit eligible pilot employees. The FAPA Restructuring Agreement provides for reductions in pay and benefits that the Debtors expect will result in labor cost savings to Frontier of approximately $25 million over the duration of its term. The FAPA Restructuring Agreement provides for periodically decreasing wage reductions from those set forth in the prior collective bargaining agreement. For the first period, commencing with the pilots' January 20, 2009 paycheck until the pilots' January 5, 2011 paycheck, the FAPA Restructuring Agreement provides for a 10% reduction in pay rates from those set forth in the original collective bargaining agreement (excluding certain officers, who will have their hourly rate reduced by 1%). Thereafter, hourly pay rates for all pilots with at least one year of service with Frontier will be reduced from the hourly rates of pay set forth in the original collective bargaining agreement by a specified percentage (7% from January 20, 2011 to July 5, 2011 and 4% from July 20, 2011 to January 5, 2012). Commencing with the pilots' January 20, 2012 paycheck, hourly rates for all pilots with at least one year of service with Frontier will be restored to the hourly rates set forth in the original collective bargaining agreement. In respect of all of the concessions made by FAPA under agreements with FAPA during Frontier's restructuring, and the savings to Frontier therefrom, FAPA will be granted an allowed general non-priority unsecured claim under section 502 of the Bankruptcy Code in the Chapter 11 Cases in the amount of $28,957,432.

Association of Flight Attendants-CWA

In January 2009, Lynx flight attendants voted to be represented by AFA-CWA. Lynx is currently in the process of negotiating a labor agreement with the flight attendants. Those negotiations are set to begin on July 6, 2009 in Denver, Colorado.

2. **Frontier Holdings Nonunionized Labor Cost Restructuring**

On June 1, 2008, Frontier Holdings implemented wage and benefit concessions for its non-represented employees of up to 10%.

In April 2008, Frontier Holdings obtained significant wage and benefit concessions from management employees. Frontier Holdings' Chief Executive Officer, Sean Menke, agreed to a

salary reduction of 20% and all other management level employees received salary reductions of up to 10%. Management level employees also agreed to forego annual bonuses, long-term incentive compensation, annual pay increases, matching 401(k) contributions and participation in the employee stock ownership plan. The total value of forgone compensation by management (at the vice president level and above) is approximately 32% of pre-petition compensation. Nonmanagement, nonunion, nonoperational group employees are also subject to a salary freeze.

3. Severance Plan for Certain Employees

On May 16, 2008, the Debtors filed with the Bankruptcy Court a motion to authorize a severance plan for certain senior employees of Frontier Holdings (the "**Severance Plan**"). The Debtors intended the Severance Plan to act as necessary reassurance for their senior employees and as a barrier against unwanted attrition. However, recognizing the need to submit a plan that was both fair and modest, the Severance Plan provided for severance well below market comparables, with as little as five months' severance for the Debtors' most senior executives. On June 3, 2008, the Bankruptcy Court approved the Severance Plan.

4. Employee Stock Ownership Plan (ESOP) Termination

Frontier Holdings established a qualified ESOP, which covered substantially all of Frontier Holdings' employees other than those covered by a Collective Bargaining Agreement that did not provide for participation in the ESOP. Since the ESOP's inception, Frontier Holdings has contributed 3,187,000 shares of Old Stock. Frontier Holdings has not made any contributions to the ESOP since the Petition Date. Pursuant to the terms of the Plan, the Old Stock will be canceled on the Effective Date. On May 26, 2009, the Debtors filed with the Bankruptcy Court a motion to amend and terminate the ESOP (the "**ESOP Motion**"), effective as of October 31, 2008, the end of the last plan year, and effectuate a lump sum distribution of the Old Stock contained therein to the ESOP participants. The Bankruptcy Court has approved the ESOP Motion, and the Debtors are in the process of effectuating such termination and distribution.

i. Fleet Restructuring

The Debtors have undertaken a comprehensive effort to adjust the size of their fleet to match their needs more closely, as well as to provide necessary liquidity. This process has involved intensive negotiations with numerous third parties, including the Debtors' aircraft financing parties, and various actions in accordance with the Bankruptcy Code.

1. Fleet Rationalization

In April 2008, as part of the Chapter 11 Cases, the Debtors reached a mutual agreement with Republic on the terms under which the Debtors would reject the agreements among Frontier Holdings, Frontier and Republic under which Republic Airlines operated 76-seat Embraer 170 aircraft for the Debtors. The parties agreed upon a structured reduction and gradual phaseout of twelve delivered aircraft that was completed on June 22, 2008.

Subject to Bankruptcy Court approval, the Bankruptcy Code permits an airline debtor to reject leases of aircraft equipment and abandon or sell owned aircraft equipment. To date, during the Chapter 11 Cases, the Debtors have not rejected any aircraft leases or abandoned any owned and mortgaged aircraft.

In March 2008, Frontier signed a letter of intent for the sale of four aircraft, including two Airbus A319 aircraft and two Airbus A318 aircraft. In May 2008, Frontier sold the two Airbus A319 aircraft. In August 2008, the Bankruptcy Court authorized Frontier to sell a total of six additional Airbus A319 aircraft to the same party and to terminate the agreement to sell the remaining two A318 aircraft under the March 2008 letter of intent. These additional A319 aircraft were sold in September 2008 (two units), November 2008 (two units) and December 2008 (two units).

On August 5, 2008, the Bankruptcy Court authorized a series of transactions between the Debtors and GECAS, whereby GECAS, among other things, agreed to purchase and lease back up to four Airbus aircraft and Frontier agreed to the consensual return of up to nine Airbus aircraft subject to operating lease agreements with GECAS (the "**GECAS Transaction**"). Pursuant to the GECAS Transaction, the Debtors sold and leased back one Airbus A319 aircraft and returned three leased Airbus A319 aircraft to GECAS.

Between February and June 2009, the Debtors filed a series of motions, which were approved by the Bankruptcy Court, that provide for the sale of Airbus A318 aircraft and the entry into aircraft lease transactions with respect to four Airbus A320 aircraft.

The Debtors intend to (i) sell additional Airbus A318 aircraft and (ii) enter into additional aircraft operating lease agreements relating to Airbus A320 series aircraft prior to the Effective Date. The Debtors believe that, by September 30, 2009, they will operate a fleet of approximately 51 Airbus aircraft and 11 Bombardier Q400 series aircraft.[9]

Frontier has entered into contracts to defer delivery of certain aircraft for which it has no need until a later date. In July 2008, the Debtors signed an agreement to defer the delivery of eight Airbus A320 aircraft that had been scheduled for delivery between February 2009 and November 2010 to between February 2011 and November 2012.

Lynx was granted ten options to purchase Bombardier Q400 Series aircraft from Bombardier. The options have various exercise dates, and the aircraft related to the options have various delivery dates. In July 2008 and January 2009, the Debtors exercised options for the firm purchase of Q400 aircraft with a scheduled delivery date in July 2009 and February 2010,

[9] The Debtors, in active consultation with Republic, are still in the process of ongoing analysis of their fleet needs and have not yet determined the exact number and types of aircraft that will constitute their fleet post-emergence. Nothing in this Disclosure Statement constitutes a commitment as to the final number or type of aircraft that the Debtors will operate as of the Effective Date or whether or not the Debtors will reject and/or abandon any aircraft in their fleet.

respectively. The Bankruptcy Court has approved Lynx's exercise of its first option to purchase one aircraft and the exercise of any and all additional options. As of March 31, 2009, Lynx had five purchase options remaining, taking into account the exercised purchase options as well as those purchase options that Lynx has elected not to exercise.

2. **Section 1110**

In general, upon the filing of a chapter 11 bankruptcy petition, the automatic stay under section 362 of the Bankruptcy Code enjoins the enforcement of rights and remedies by a debtor's creditors. Section 1110 of the Bankruptcy Code operates as an exception to the automatic stay for certain types of leased or financed aircraft and aircraft equipment. Under this section, certain secured parties, lessors and conditional sales vendors may take possession of certain qualifying aircraft, aircraft engines or other aircraft-related equipment that are leased or subject to a security interest or conditional sale contract pursuant to their agreement with the debtor. Section 1110 of the Bankruptcy Code provides that, unless a debtor agrees to perform under the agreement and cure all defaults other than defaults of a kind specified in section 365(b)(2) of the Bankruptcy Code within 60 calendar days after filing for bankruptcy, secured parties can take possession of such equipment.

Section 1110 of the Bankruptcy Code effectively shortens the automatic stay period to 60 days with respect to section 1110-eligible aircraft, engines and related equipment, subject to the following two conditions: (i) the debtor may elect, with court approval, to perform all of the obligations under the applicable financing and cure any defaults thereunder as required by the Bankruptcy Code (which does not preclude later rejecting any related lease or abandoning any owned aircraft) (a "**Section 1110(a) Election**") or (ii) the debtor may extend the 60-day period by agreement of the relevant financing party with court approval (a "**Section 1110(b) Stipulation**"). In the absence of either such arrangement, the financing party may take possession of the property and enforce any of its contractual rights or remedies to sell, lease or otherwise retain or dispose of such equipment.

In the Chapter 11 Cases, the 60-day period under section 1110 of the Bankruptcy Code expired on June 9, 2008 (the "**Section 1110 Expiration Date**"). On or prior to the Section 1110 Expiration Date, the Debtors made a Section 1110(a) Election with respect to each of the 62 Airbus A320 series aircraft and 10 Bombardier Q400 Series aircraft in their fleet. In addition, the Debtors made a Section 1110(a) Election with respect to each of four spare engines supporting the Airbus fleet and spare parts, each of which serve as collateral for a financing facility. As a result, no Section 1110(b) Stipulations were entered into with the Debtor's financing parties.

3. **Aircraft Purchase Obligations**

In November 2007, Frontier entered into the PDP Facility for the purpose of financing its obligations to make pre-delivery payments on eight A320 aircraft. The PDP Facility allowed Frontier to draw up to $22.2 million for aircraft deliveries through August 2010.

In July 2008 Frontier signed an agreement to defer the delivery of eight Airbus A320 aircraft that had been scheduled for delivery between February 2009 and November 2010 to between February 2011 and November 2012. This resulted in reimbursement of $11.5 million of pre-delivery payments in July 2008 and termination of the PDP Facility.

j. Fuel Initiatives

The Debtors have arrangements with major fuel suppliers for substantial portions of their fuel requirements to ensure an adequate supply of fuel for their current and anticipated operations. Jet fuel costs are subject to wide fluctuations as a result of sudden disruptions in supply beyond the Debtors' control. Therefore, the Debtors cannot predict the future availability or cost of jet fuel with any degree of certainty. The Debtors' ability to pass on increased fuel costs has been and may continue to be limited by economic and competitive conditions.

High oil prices have had a significant adverse impact on the Debtors' financial results in recent years. The Debtors cannot predict the future cost and availability of fuel, or the impact of any disruptions in oil supplies or refinery productivity that might occur, including as a result of natural disasters. The unavailability of adequate fuel supplies could have an adverse effect on profitability. Fuel prices continue to be susceptible to, among other factors, speculative trading in the commodities market, political unrest in various parts of the world, Organization of Petroleum Exporting Countries' policy, the rapid growth of economies in China and India, the levels of inventory carried by the oil companies, the amounts of reserves built by governments, refining capacity and weather. These and other factors that impact the global supply and demand for aircraft fuel may affect the Debtors' financial performance due to its high sensitivity to fuel prices.

Frontier currently has a fuel hedging program using a variety of financial derivative instruments. Due to the commencement of these Chapter 11 Cases, all of the Debtors' fuel hedge contracts outstanding as of March 31, 2008 were terminated and subsequently settled. In August 2008, Frontier resumed its fuel hedging program and, as of May 31, 2009, Frontier was party to two call option agreements to hedge approximately 30% of the Debtors' estimated jet fuel purchases for the period from August 1, 2009 to December 31, 2009 at a weighted average rate of $1.74 per gallon for jet fuel.

k. 365(d)(4) Extensions

By order dated July 21, 2008, the Bankruptcy Court extended the time to assume or reject unexpired leases of nonresidential real property pursuant to section 365(d)(4) of the Bankruptcy Code through and including November 6, 2008. By order dated November 5, 2008, the Bankruptcy Court further extended the time to assume or reject unexpired leases of nonresidential real property through and including February 6, 2009. The Debtors currently have extensions of the time to assume or reject under section 365(d)(4) of the Bankruptcy Code in connection with two unexpired leases of nonresidential real property, and the Debtors have assumed or rejected, as appropriate for their businesses, the remaining unexpired leases of nonresidential real property.

Section 4.4 Summary of Claims Process, Bar Date and Claims Filed

a. Filing of Schedules, Claims Process, Claims Estimates and Bar Date

On August 25, 2008, the Debtors filed their schedules of assets and liabilities and statements of financial affairs with the Bankruptcy Court. Interested parties may review these Schedules by visiting the Debtors' case information website (located at *www.frontier-restructuring.com*).

On September 24, 2008, the Bankruptcy Court entered the Bar Date Order, which established procedures and set deadlines for filing Proofs of Claim and approved the form and manner of the bar date notice (the "**Bar Date Notice**"). Pursuant to the Bar Date Order and the Bar Date Notice, the last date for certain persons and entities to file Proofs of Claim in the Chapter 11 Cases was November 17, 2008 (the "**Bar Date**"). The Bar Date Notice was published in *The Wall Street Journal* and the *Denver Post* at least 25 days prior to the Bar Date and copies were served on, among others, Creditors and potential Creditors appearing in the Schedules.

Claims Estimates. The projected recoveries set forth in the Plan and this Disclosure Statement are based on certain assumptions, including the Debtors' estimates of the Claims that will eventually be Allowed in various classes. The following table sets forth information on Claims filed in the Debtors' cases, Claims Disallowed to date and Claims that the Debtors estimate will eventually be Allowed. There is no guarantee that the ultimate amount of each of such categories of Claims will conform to the estimates set forth below.

Class	Designation	Claims Filed / Scheduled[10]	Claims Disallowed (to Date)	Total Allowed Claims (estimate)[11]
	Other Administrative Claims	$128.6	$20.0	$9.6-11.2
	Priority Tax Claims	$35.0	$1.2	$12.0-13.6
1	Other Priority Claims	$43.9	$0.4	$0.0
2	Secured Claims	$620.0	$149.7	$379.8
3	General Unsecured Claims	$887.3	$141.3	$300.0-350.0

(amounts in this table are in millions of dollars)

b. Exclusivity

Section 1121(b) of the Bankruptcy Code establishes an initial period of 120 days after the Bankruptcy Court enters an order for relief under Chapter 11 of the Bankruptcy Code, during which only the debtor may file a plan of reorganization. If the debtor files such a plan within that initial 120-day period, section 1121(c)(3) of the Bankruptcy Code extends the exclusivity period by an additional 60 days to permit the debtor to seek acceptances of such plan. Section 1121(d) of the Bankruptcy Code also permits the Bankruptcy Court to extend these exclusivity periods, within certain limitations, "for cause." Without further order of the Bankruptcy Court, the Debtors' initial exclusive period to file a plan would have expired on August 8, 2008. However, by orders dated July 21, 2008, January 21, 2009 and May 8, 2009, the Bankruptcy Court extended the Debtors' exclusive period within which to file a plan of reorganization through and including October 9, 2009 and the Debtors' exclusive period within which to seek acceptance of such plan through and including December 9, 2009.

[10] The general bar date for filing Claims was November 17, 2008, at which time the Debtors began the process of analyzing and reconciling filed Claims. The Debtors believe that many of the Claims filed in the Chapter 11 Cases are invalid, untimely, duplicative and/or overstated, and they are in the process of objecting to such Claims. The amounts in this column represent the amounts the Bankruptcy Court has disallowed to date in each of the various Classes. Because the process of analyzing and objecting to Claims is ongoing, the amount of Disallowed Claims may increase significantly in the future.

[11] The Debtors currently estimate that at the conclusion of the Claims objection, reconciliation and resolution process, the aggregate amount of Allowed Claims in each class will be approximately as indicated in this column. These amounts are merely estimates based on the Debtors' belief as of the date hereof, and the Debtors expressly disclaim any obligation to update these estimates after the date hereof on any basis (including new or different information received and/or errors discovered).

ARTICLE 5
SUMMARY OF THE PLAN OF REORGANIZATION

The Debtors believe that (i) through the Plan, holders of Allowed Claims will obtain a recovery from the Debtors' estates equal to or greater than the recovery that they would receive if the Debtors' assets were liquidated under chapter 7 of the Bankruptcy Code and (ii) the Plan will afford the Debtors the opportunity and ability to continue in business as a viable going concern.

The Plan is annexed hereto as Appendix A and forms a part of this Disclosure Statement.

Section 5.1 Overview of the Plan of Reorganization

The consummation of a plan of reorganization is the principal objective of a chapter 11 case. A plan of reorganization sets forth the means for satisfying Claims against, and Interests in, a debtor. Confirmation of a plan of reorganization makes the plan binding upon the debtor, any issuer of securities under the plan and any Creditor of, or equity holder in, the debtor, whether or not such Creditor or equity holder (a) is impaired under or has accepted the plan or (b) receives or retains any property under the plan. Subject to certain limited exceptions and other than as provided in the plan itself or the confirmation order, a confirmation order discharges the debtor from any debt that arose prior to the date of confirmation of the plan and substitutes therefor the obligations specified under the confirmed plan.

A chapter 11 plan may specify that the legal, contractual and equitable rights of the holders of Claims or Interests in certain classes are to remain unaltered by the reorganization effectuated by the plan. Such classes are referred to as Unimpaired and, because of such favorable treatment, are deemed to accept the plan. Accordingly, a debtor need not solicit votes from the holders of Claims or Interests in such classes. A chapter 11 plan may also specify that the holders of Claims or Interests in certain classes will not receive any distribution of property or retain any Claim against, or Interest in, a debtor. Such classes are deemed not to accept the plan and, therefore, need not be solicited to vote to accept or reject the plan. Any classes that are receiving a distribution of property under the plan but are not unimpaired must be solicited to vote to accept or reject the plan.

Prior to soliciting acceptances of a proposed plan, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding the plan. To satisfy the requirements of section 1125 of the Bankruptcy Code, the Debtors are submitting this Disclosure Statement to holders of Claims against the Debtors who are entitled to vote to accept or reject the Plan.

THE REMAINDER OF THIS ARTICLE PROVIDES A SUMMARY OF THE STRUCTURE AND MEANS FOR IMPLEMENTATION OF THE PLAN AND THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN,

INCLUDING ANY SUPPLEMENTS AND SCHEDULES THERETO AND DEFINITIONS THEREIN.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN THE DOCUMENTS REFERRED TO THEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENT OF SUCH TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN.

THE PLAN ITSELF CONTROLS THE ACTUAL TREATMENT OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS UNDER THE PLAN AND WILL, UPON THE OCCURRENCE OF THE EFFECTIVE DATE, BE BINDING UPON ALL HOLDERS OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS, THE DEBTORS' ESTATES, THE REORGANIZED DEBTORS, ALL PARTIES RECEIVING PROPERTY UNDER THE PLAN AND OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT, ON THE ONE HAND, AND THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, ON THE OTHER HAND, THE TERMS OF THE PLAN AND/OR SUCH OTHER OPERATIVE DOCUMENT SHALL CONTROL.

STATEMENTS AS TO THE RATIONALE UNDERLYING THE TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN ARE NOT INTENDED TO, AND SHALL NOT, WAIVE, COMPROMISE OR LIMIT ANY RIGHTS, CLAIMS OR CAUSES OF ACTION IN THE EVENT THE PLAN IS NOT CONFIRMED.

Section 5.2 Plan Consolidation

The 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 the Plan and the occurrence of the Effective Date, including voting, Confirmation and distributions.

a. Plan Consolidation

Solely for the purposes specified in the Plan (including voting, Confirmation and distributions) and subject to Section 2.2(b) of the Plan, (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.

The Plan Consolidation effected pursuant to Section 2.1 of the Plan 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 the Plan, (iv) defenses to any Cause of Action or (v) distributions out of any insurance policies or proceeds of such policies.

Unless previously approved by order of the Bankruptcy Court, the Plan shall serve as a motion seeking entry of an order approving the Plan Consolidation. The proposed Plan Consolidation is justified by the consensus of the Debtors, the Creditors' Committee and the Plan Sponsor, the administrative benefits that flow therefrom and the lack of prejudice to parties in interest.

b. Confirmation in the Event of Partial or No Plan Consolidation

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 the 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.

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 the Plan or any applicable Sub-plan, and such votes shall be counted as provided in Section 5.1 of the Plan.

Section 5.3 Treatment of Administrative Claims and Priority Tax Claims

a. Treatment of Administrative Claims

1. **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.

2. **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.

3. **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 of the Plan.

b. 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.

Section 5.4 Classification and Treatment of Other Claims and Interests

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

a. Treatment of Claims and Interests

1. 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 of the Plan), 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.

2. 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 of the Plan), 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 the 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 Section 4.2(b) of the Plan 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, the 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.

3. **Class 3 (General Unsecured Claims)**

Except to the extent that the applicable Debtor and Creditor agree to a different treatment (or as limited by Section 7.2 of the Plan), 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.

Except to the extent that the applicable Debtor and Creditor agree to a different treatment (or as limited by Section 7.2 of the Plan), 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) of the Plan, 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) or Section 4.2(c)(ii) of the Plan.

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 the 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) of the Plan and the final distribution set

forth in Section 4.2(c)(iii) of the Plan, 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) of the Plan, shall be in full satisfaction, release and discharge of, and in exchange for, each Allowed General Unsecured Claim against any of the Debtors.

4. **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 the Plan. All Interests in Frontier Holdings, including the Old Stock, shall be cancelled and extinguished.

5. **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 the Plan to Creditors of Frontier and Lynx and to use certain funds and assets, to the extent authorized in the Plan, to satisfy certain obligations of Frontier and Lynx.

6. **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 the Plan. The treatment of Securities Litigation Claims under the Plan is in accordance with, and gives effect to, section 510(b) of the Bankruptcy Code.

b. 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 the 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.

c. Compliance with Laws and Effects on Distributions

In connection with the consummation of the Plan, the Reorganized Debtors will comply with all withholding and reporting requirements imposed by federal, state, local or foreign taxing authorities, and all distributions under the Plan 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 the Plan to certain employees and former employees of the Reorganized Debtors with Allowed General Unsecured Claims.

Section 5.5 Acceptance or Rejection of the Plan

a. Voting of Claims

Each holder of a Claim in an Impaired Class as of the Voting Record Date that is entitled to vote on the Plan pursuant to Article 4 of the Plan shall be entitled to vote to accept or reject the 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 the 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 the 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.

b. Presumed Acceptance of Plan

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

c. Presumed Rejection of Plan

Class 4a (Interests in Frontier Holdings) and Class 4c (Securities Litigation Claims) shall not receive any distribution under the 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 the Plan and the votes of such holders will not be solicited.

d. 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 the 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 the Plan have voted to accept the Plan. Because Class 3 (General Unsecured Claims) is Impaired, the votes of holders of Claims in such Class will be solicited.

e. Nonconsensual Confirmation

If any Impaired Class of Claims entitled to vote shall not accept the 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 the

Plan in accordance with Article 14 of the Plan; and/or (c) undertake to have the Bankruptcy Court confirm the Plan under Section 1129(b) of the Bankruptcy Code.

Section 5.6 Implementation of the Plan

a. Continued Corporate Existence

Except as otherwise provided in the 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.

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.

b. 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 the 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 the Plan.

c. 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 the Plan, to satisfy the Allowed General Unsecured Claims.

d. 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 in the Plan) 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.

e. 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 the Plan of the New Common Stock will be exempt from registration under the Securities Act.

f. Cancellation of Old Notes and Old Stock

On the Effective Date, except to the extent otherwise provided in the Plan, 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 in the Plan, 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 in the Plan 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 the 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 the 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 the Plan or any order of the Bankruptcy Court and (4) rights relating to participation by the Indenture Trustee in proceedings and appeals related to the 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 the Plan.

g. Exclusivity Period.

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

h. Hart-Scott-Rodino Compliance

Any shares of New Common Stock to be distributed under the 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.

i. 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.

j. Non-Impairment

Nothing contained in the 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.

Section 5.7 Provisions Governing Distributions

a. Disbursing Agent

The Disbursing Agent shall make all distributions required under the 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 the 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 the 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 the 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.

b. Timing and Delivery of Distributions

1. **Timing**

Subject to any reserves or holdbacks established pursuant to the Plan, and taking into account the matters discussed in Section 4.4 of the 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 the 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 the 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.

2. **De Minimis Distributions**

Notwithstanding any other provision of the 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 the Plan, none of the Reorganized Debtors, the Disbursing Agent nor any Servicer shall have any obligation to make any distributions under the 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 of the Plan.

Notwithstanding any other provision of the 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 the 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) of the Plan 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) of the Plan exceeds $2,000,000.

3. 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 the 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 the 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 the 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 the 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.

4. Delivery of Distributions – Allowed Claims Relating to Old Notes; Surrender of Cancelled Instruments or Securities

Subject to the provisions of Section 6.6 of the 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 Section 7.2(d) of the Plan summarized below:

1. 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 under the Plan 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.

2. 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 Section 7.2(d) of the Plan 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 under the Plan, 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.

c. Manner of Payment under Plan

At the option of the Debtors, any Cash payments to be made under the Plan may be made by check, wire transfer or any other customary payment method.

The Disbursing Agent shall make distributions of Cash as required under the 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 of the Plan) shall revest 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.

1. Allocation of Plan Distributions Between Principal and Interest

To the extent that any Allowed General Unsecured Claim entitled to a distribution under the 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.

2. Compliance Matters

In connection with the 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 under the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the 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 the Plan in compliance with all applicable wage garnishments, alimony, child support and other spousal awards, Liens and similar encumbrances.

3. **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.

d. 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 the Plan that remain unclaimed for one year after the relevant Distribution Date shall indefeasibly 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.

e. Claims Paid or Payable by Third Parties

1. **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 the Plan exceeds the amount of the Claim as of the date of any such distribution under the 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.

2. **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.

Section 5.8 Filing of Administrative Claims

a. Professional Fee Claims

1. **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.

2. **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.

3. **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.

b. Other Administrative Claims

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.

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 the 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 Section 8.2 of the Plan 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.

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.

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.

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.

Section 5.9 Disputed Claims

a. Objections to Claims

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 the Plan. Any objections to Claims, shall be filed on the Bankruptcy Court's docket on or before the Claims Objection Deadline.

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.

b. 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.

c. 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.

d. Payments and Distributions with Respect to Disputed Claims

1. No Distributions Pending Allowance

Notwithstanding any other provision in the 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.

2. Disputed Claims Reserve

The portion of the Class 3 Allocation that is not distributed on the Initial Distribution Date pursuant to Article 4 of the 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 the 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 the Plan have been made, the Disbursing Agent shall effect a final distribution of the Cash remaining in the Disputed Claims Reserve as required by the 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.

3. 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 the Plan.

e. 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 the 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.

f. No Interest

Other than as provided by section 506(b) of the Bankruptcy Code or as specifically provided for in the 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 Section 9.6 of the Plan 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.

Section 5.10 Executory Contracts and Unexpired Leases

a. 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 the Plan, (iv) that is listed on Schedule 10.2(a) or 10.2(b) of the 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.

b. Schedules of Executory Contracts and Unexpired Leases

Schedules 10.2(a) and 10.2(b) of the Plan shall be filed by the Debtors as specified in Section 16.5 of the 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) of the Plan 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.

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.

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 the 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 the Plan.

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.

c. 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 the Plan or (e) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline.

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

The Debtors have not yet determined how to treat certain insurance policies issued by ACE American Insurance Company and/or its affiliates (collectively, "**ACE**") to or on behalf of the Debtors and any related agreements (hereinafter, the "**ACE Policies and Agreements**"), including whether or not such agreements are executory and whether they will be assumed. Subject to the Debtors' ability to reject any of such contracts and the possibility that such contracts may not be executory and all legal effects that would flow therefrom, nothing contained in the Disclosure Statement, the Plan, the Confirmation Order, any exhibit to the Plan, any Plan Supplement or any other Plan document (including any provision that purports to be peremptory or supervening), shall in any way operate to, or have the effect of, waiving or impairing in any other respect the legal, equitable or contractual rights or defenses of the parties to the ACE Policies and Agreements. For the avoidance of doubt, nothing herein or in the Plan shall be read to authorize the unilateral amendment by the Debtors of any of the terms of the ACE Policies and Agreements. In any event, ACE has reserved all of its rights and defenses under the ACE Policies and Agreements and applicable non-bankruptcy law with respect to the ACE Policies and Agreements.

2. **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 of the Plan shall also be deemed rejected. Each Indemnification Obligation that is deemed assumed pursuant to the 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 the 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 the Plan or any Notice of Intent To Assume or Reject.

3. **Collective Bargaining Agreements**

Subject to the terms of the first paragraph of Section 10.3 of the Plan, each Collective Bargaining Agreement, as amended, shall be deemed assumed effective as of the Effective Date; *provided*, *however*, that nothing in Section 10.3 of the Plan or otherwise in the 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 the Plan between the Debtors and the relevant Union in the Bankruptcy Court. Each Collective Bargaining Agreement assumed pursuant to Section 10.3 of the Plan shall vest in and be fully enforceable by the applicable Reorganized Debtor in accordance with its terms, except as modified by the provisions of the Plan or any order of the Bankruptcy Court previously entered with respect to such Collective

Bargaining Agreement. Nothing contained in Section 10.3 of the Plan 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 modification of the IBT Material Specialist Agreement or the IBT Maintenance Agreement; *provided* that the Debtors shall reserve all rights to object to any such Claims.

d. Other Categories of Agreements and Policies

1. **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 the Plan, (iv) that is otherwise expressly assumed or rejected pursuant to the terms of the 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.

2. **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) of the Plan 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 in the Plan, the assumed plans shall be subject to modification in accordance with the terms thereof at the discretion of the Reorganized Debtors.

e. Assumption and Rejection Procedures and Resolution of Treatment Objections

1. Proposed Assumptions

With respect to any executory contract or unexpired lease to be assumed pursuant to any provision of the Plan (including Sections 10.2, 10.3, 10.4 or 10.5(d)) 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.

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.

2. Proposed Rejections

With respect to any executory contract or unexpired lease to be rejected pursuant to any provision of the 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.

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).

3. Resolution of Treatment Objections

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).

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 the Plan.

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) of the Plan.

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.

4. 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.

f. 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 the Plan.

g. Assignment

To the extent provided under the Bankruptcy Code or other applicable law, any executory contract or unexpired lease transferred and assigned pursuant to the 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.

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

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 the Plan pursuant to sections 365 and 1123 of the Bankruptcy Code. Each executory contract and unexpired lease that is assumed pursuant to the 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 the Plan, any order of the Bankruptcy Court authorizing or providing for its assumption or applicable federal law.

The provisions (if any) of each executory contract or unexpired lease assumed and/or assigned pursuant to the 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 the Plan shall be deemed disallowed and expunged with no further action required of any party or order of the Bankruptcy Court.

i. Modifications, Amendments, Supplements, Restatements or Other Agreements

Unless otherwise provided by the 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 the Plan.

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.

Section 5.11 Provisions Regarding Corporate Governance of the Reorganized Debtors

a. Corporate Action

On the Effective Date, the adoption, filing, approval and ratification, as necessary, of all corporate or related actions contemplated in the Plan 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 the 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.

All matters provided for in the Plan 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 the 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.

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 the 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 the Plan.

b. Certificates of Incorporation and Bylaws

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 the 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.

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.

c. Directors and Officers of the Reorganized Debtors

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.

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.

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.

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.

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.

Section 5.12 Effect of Confirmation

a. 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 the 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 the 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.

b. Releases and Discharges

The releases and discharges of Claims and Causes of Action described in the 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 the Plan. Each of the discharge, release, indemnification and exculpation provisions set forth in the 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 the Plan pursuant to section 1123(a)(5) of the Bankruptcy Code, (c) is an integral element of the transactions incorporated into the 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 the 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.

c. Discharge and Injunction

Except as otherwise specifically provided in the Plan or in the Confirmation Order, the rights afforded in the Plan and the payments and distributions to be made thereunder 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 in the Plan 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 therefor 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 under the Plan, except as otherwise provided therein, 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 the 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 the 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 the 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 the 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.

d. Term of Injunction or Stays

Unless otherwise provided in the Plan, 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.

e. Exculpation

Pursuant to the 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 the Plan, the consummation of the Plan, the preparation and distribution of this Disclosure Statement, the offer, issuance and distribution of any securities issued or to be issued pursuant to the Plan or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct, ultra vires acts or gross negligence.

f. Release by the Debtors

Pursuant to the 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 the 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 the 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 the 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 the 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 the 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 Section 12.6 of the Plan (but not any release or indemnification or any other rights or claims granted under any other section of the 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.

g. Voluntary Releases by the Holders of Claims and Interests

Except as otherwise specifically provided in the Plan, for good and valuable consideration, on and after the Effective Date, holders of Claims that (a) vote to accept or reject the 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 the 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 the 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.

h. 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 under the Plan 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.

i. 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 of the Plan, which schedule shall be filed as specified in Section 16.5 of the Plan as a Plan Supplement, 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 of the Plan.

j. Preservation of Causes of Action

Except as expressly provided in Article 12 of the Plan, nothing contained in the 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 the Plan as Schedule 12.10.

Except as set forth in Article 12 of the Plan, nothing contained in the 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 the 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 the Plan may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced.

k. 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 the Plan, the provisions of the 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 the Plan and as a mechanism to effect a fair distribution of value to the Debtors' constituencies, except as set forth in the Plan, the provisions of the 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 the 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.

Section 5.13 Conditions Precedent to Effectiveness of the Plan

a. 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 the Plan:

1. The Confirmation Order, in form and substance acceptable to the Debtors, shall have been entered;

2. All actions, documents and agreements necessary to implement the 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 under the Plan;

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

4. 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

5. 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.

b. 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 of the Plan 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 the 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.

Section 5.14 Modification, Revocation or Withdrawal of the Plan

a. Plan Modifications

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 the Plan, the Debtors may alter, amend or modify the Plan, without additional disclosure pursuant to section 1125 of the Bankruptcy Code. After the Confirmation Date and prior to substantial consummation of the Plan, the Debtors may institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, this Disclosure Statement or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes and effects of the Plan.

Prior to the Effective Date, the Debtors may make appropriate adjustments and modifications to the 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.

b. 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 the 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 the 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 the Plan as it relates to the Debtors for which the Plan is not revoked, withdrawn or delayed. If the Debtors revoke or withdraw the Plan in its entirety, if Confirmation does not occur or if the Effective Date does not occur on or prior to 120 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) the 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 the 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 the Plan and any document or agreement executed pursuant thereto, shall be deemed null and void and (c) nothing contained in the 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.

Section 5.15 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 in the Plan;

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

f. To hear and determine any application to modify the Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Plan, this 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 the Plan, the Investment Agreement, the Confirmation Order, any transactions or payments contemplated by the Plan 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 the 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 the 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 the Plan and not inconsistent with the Bankruptcy Code;

m. To determine any other matters that may arise in connection with or are related to the Plan, this 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 the Plan, this 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;

s. To hear any other matter not inconsistent with the Bankruptcy Code; and

t. To enter a final decree closing the Chapter 11 Cases.

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

Section 5.16 Miscellaneous

a. 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 the 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 the 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 the 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.

b. 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.

c. 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.

d. Committees

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.

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 of the Plan. 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.

e. Plan Supplements

Draft forms of certain Plan Documents and certain other documents, agreements, instruments, schedules and exhibits specified in the Plan shall, where expressly so provided for in the 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 the 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*).

f. Claims Against Other Debtors

Nothing in the Plan or this 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.

g. Substantial Consummation

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

h. 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 the 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 the 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 the Plan or the offer and issuance of any securities under the Plan.

i. Severability

In the event that any term or provision of the 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 the 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

the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

j. 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 of the Plan or Plan Documents provides otherwise, the rights, duties and obligations arising under the 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.

k. Binding Effect

The 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.

l. 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 in the Plan, 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

m. Reservation of Rights

Except as expressly set forth in the Plan, the 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 the Plan, any statement or provision contained in the Plan or the taking of any action by the Debtors with respect to the 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.

n. Further Assurances

The Debtors, Reorganized Debtors and all Creditors receiving distributions under the Plan 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 the Plan.

o. Case Management Order

Except as otherwise provided in the Plan, 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;[12] (ii) the counsel to the Reorganized Debtors, Davis Polk & 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 the 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.

ARTICLE 6
STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

The following is a brief summary of the Plan Confirmation process. Holders of Claims and Interests are encouraged to review the relevant provisions of the Bankruptcy Code and/or consult their own attorneys.

Section 6.1 The Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a confirmation hearing. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation of the Plan.

[12] 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*).

THE BANKRUPTCY COURT HAS SCHEDULED THE CONFIRMATION HEARING FOR SEPTEMBER 10, 2009 AT 10:00 A.M. PREVAILING EASTERN TIME BEFORE THE HONORABLE ROBERT D. DRAIN, UNITED STATES BANKRUPTCY JUDGE, IN THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, LOCATED AT ONE BOWLING GREEN, COURTROOM 610, NEW YORK, NY 10004-1408.[13] **THE CONFIRMATION HEARING MAY BE ADJOURNED FROM TIME TO TIME BY THE BANKRUPTCY COURT WITHOUT FURTHER NOTICE EXCEPT FOR THE FILING OF A NOTICE ON THE BANKRUPTCY COURT'S DOCKET AND/OR AN ANNOUNCEMENT OF THE ADJOURNED DATE MADE AT THE CONFIRMATION HEARING OR ANY ADJOURNMENT THEREOF.**

OBJECTIONS TO CONFIRMATION OF THE PLAN MUST BE FILED WITH THE BANKRUPTCY COURT AND SERVED ON OR BEFORE AUGUST 28, 2009 AT 4:00 P.M. (PREVAILING EASTERN TIME) IN ACCORDANCE WITH THE CONFIRMATION HEARING NOTICE. UNLESS OBJECTIONS TO CONFIRMATION ARE TIMELY SERVED AND FILED IN COMPLIANCE WITH THE APPROVAL ORDER, THE CONFIRMATION HEARING NOTICE AND THE VOTING PROCEDURES, THEY WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

Section 6.2 Confirmation Standards

To confirm the Plan, the Bankruptcy Court must find that the requirements of section 1129 of the Bankruptcy Code have been satisfied. The Debtors believe that, at Confirmation, section 1129 of the Bankruptcy Code will be satisfied because, among other things:

- The Plan complies with the applicable provisions of the Bankruptcy Code;
- The Debtors, as Plan proponents, have complied with the applicable provisions of the Bankruptcy Code;
- The Plan has been proposed in good faith and not by any means forbidden by law;
- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable;

[13] In the event that the location of the Confirmation Hearing 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*).

- The Debtors will disclose the identity and affiliations of individuals proposed to serve, after Confirmation of the Plan, as directors, officers or voting trustees of the Debtors, an affiliate of the Debtors participating in the Plan with the Debtor or a successor to the Debtors under the Plan. The appointment to, or continuance in, such office of such individuals, will be consistent with the interests of Claim and Interest holders and with public policy, and the Debtors will have disclosed the identity of any insider that the Reorganized Debtors will employ or retain and the nature of any compensation for such insider;

- With respect to each Class of Impaired Claims or Interests, either each holder of a Claim or an Interest in such Class will have accepted the Plan or will receive or retain under the Plan on account of such Claim or Interest property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated on such date under chapter 7 of the Bankruptcy Code (see Section 6.3 below);

- Each Class of Claims or Interests has either accepted the Plan or is not Impaired under the Plan, or the Plan can be confirmed without the approval of such Class pursuant to section 1129(b) of the Bankruptcy Code;

- Except to the extent that a holder of an Allowed Administrative Claim agrees to a different treatment of such Claim, the Plan provides that each such holder will be paid in full in Cash on the Effective Date;

- Except to the extent that a holder of an Allowed Other Priority Claim agrees to a different treatment of such Claim, each such holder 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 the later of the Effective Date or the first Distribution Date occurring at least 20 calendar days after the date such Claim becomes Allowed;

- Except to the extent that a holder of an Allowed Priority Tax Claim has been paid by the Debtors prior to the Effective Date or the applicable Debtor and such holder agree to a different treatment, each such holder shall receive, in a manner not less favorable than all of the holders of Allowed General Unsecured Claims, (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 such holder deferred Cash payments having a value, as of the Effective Date, equal to its Allowed Priority Tax Claim;

- At least one Class of Impaired Claims will have accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of such Class;

- Confirmation of the Plan will not likely be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors under the Plan (see the "Financial Feasibility" Section below);

- All fees payable under section 1930 of title 28 of the United States Code will be paid as of the Effective Date; and

- The Plan provides for the continuation after the Effective Date of the payment of all retiree benefits.

Section 6.3 Best Interests Test

a. Explanation of the Best Interests Test

Pursuant to section 1129(a)(7) of the Bankruptcy Code, Confirmation requires that, with respect to each Class of Impaired Claims or Interests, each holder of a Claim or an Interest in such Class either (i) accept the Plan or (ii) receive or retain under the Plan on account of such Claim or Interest, property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated on such date under chapter 7 of the Bankruptcy Code (this latter clause is referred to as the "**Best Interests Test**").

To determine the probable distribution to holders of Claims and Interests in each Impaired Class if the Debtors were liquidated under chapter 7 of the Bankruptcy Code, the Bankruptcy Court must determine the dollar amount that would be generated from the liquidation of the Debtors' assets and properties in the context of a chapter 7 liquidation.

The Debtors' liquidation value would consist primarily of the unencumbered and unrestricted Cash held by the Debtors at the time of the conversion to a chapter 7 liquidation and the proceeds resulting from the sale of the Debtors' remaining unencumbered assets and properties by a chapter 7 trustee. The gross Cash available for distribution would be reduced by the costs and expenses of the chapter 7 liquidation and any additional Administrative Claims that might arise as a result of the chapter 7 cases. Costs and expenses incurred as a result of the chapter 7 liquidation would include, among other things, the fees payable to a trustee in bankruptcy and the fees payable to attorneys and other professionals engaged by such trustee. Additional Administrative Claims could arise by reason of the breach or rejection of obligations incurred and leases and executory contracts assumed or entered into by the Debtors during the pendency of the Chapter 11 Cases. Such Administrative Claims and other Administrative Claims that might arise in a liquidation case or result from the Chapter 11 Cases, such as compensation for attorneys, financial advisors and accountants, would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay pre-petition claims.

To determine if the Plan is in the best interests of each Impaired Class, the present value of the distributions from the proceeds of a liquidation of the Debtors' unencumbered assets and properties, after subtracting the amounts attributable to the costs, expenses and Administrative

Claims associated with a chapter 7 liquidation, must be compared with the value offered to such Impaired Classes under the Plan. If the hypothetical liquidation distribution to holders of Claims or Interests in any Impaired Class is greater than the distributions to be received by such parties under the Plan, then the Plan is not in the best interests of the holders of Claims or Interests in such Impaired Class.

b. Estimated Recovery Under the Plan

Pursuant to the Plan each Allowed General Unsecured Claim will receive its pro rata share of the Class 3 Allocation. Based on this, and an estimated consolidated pool of Allowed General Unsecured Claims for the consolidated Debtors of $300 million to $350 million, Seabury estimates the recovery to the Class 3 holders to be 8.2% to 9.6%. This recovery will change based on further refinements of Allowed Claims as the Debtors' claim objection and reconciliation process continues. This summary does not purport to be a complete description of the analyses performed by Seabury and has been provided solely for the purpose of providing "adequate information" under section 1125 of the Bankruptcy Code to enable the Class 3 holders 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. The Debtors' estimates of recovery under the Plan are subject to change over time and the Debtors disclaim any obligation to update such estimates or analysis on any basis (including new information or discovery of mistake).

c. Liquidation Analysis

The amount that holders of Claims and Interests in different Impaired Classes would receive in a hypothetical chapter 7 liquidation of the Debtors is discussed in the liquidation analysis prepared by the Debtors' management with the assistance of its advisors (the "**Liquidation Analysis**"). The Liquidation Analysis is attached to this Disclosure Statement as Appendix B.

As described in Appendix B, the Debtors developed the Liquidation Analysis for the consolidated Debtors based on the unaudited book values of the Debtors' assets and liabilities as of April 30, 2009. The recoveries will 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).

As described in the Liquidation Analysis, underlying the analysis are a number of estimates and assumptions that, although developed and considered reasonable by the Debtors' management and other advisors, are inherently subject to significant business, economic and competitive uncertainties and contingencies beyond the control of the Debtors and their management. The Liquidation Analysis is based on assumptions with regard to liquidation decisions that are subject to change. Accordingly, the values reflected in the Liquidation Analysis might not be realized if the Debtors were, in fact, to undergo a liquidation.

This Liquidation Analysis is solely for the purposes of (i) providing "adequate information" under section 1125 of the Bankruptcy Code to enable each Class 3 holder to make an informed judgment about the Plan and (ii) providing the Bankruptcy Court with appropriate support for the satisfaction of the "Best Interests Test" pursuant to section 1129(a)(7) of the Bankruptcy Code, 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.

d. Application of the Best Interests Test to the Liquidation Analysis of the Debtors

Notwithstanding the difficulties in quantifying recoveries to holders of Claims and Interests with precision, the Debtors believe that, comparing recoveries under the Plan to the Liquidation Analysis, the Plan meets the Best Interests Test. As the following table indicates, members of each Impaired Class will receive at least as much under the Plan as they would in liquidation in a hypothetical chapter 7 case.

Class[14]	**Recovery Under Liquidation Analysis**	**Recovery Under the Plan**
General Unsecured Claims	0%	8.2-9.6%
Interests in Frontier and Lynx	0%	0%
Securities Litigation Claims	0%	0%

Accordingly, the Debtors believe that the continued operation of the Debtors as a going concern satisfies the Best Interests Test for the Impaired Classes.

Section 6.4 Financial Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires, as a condition to Confirmation, that the Bankruptcy Court find that Confirmation is not likely to be followed by the liquidation of the Debtors or the need for further financial reorganization, unless such liquidation is contemplated by the Plan. For purposes of demonstrating that the Plan meets this "feasibility"

[14] The projected recovery listed herein for General Unsecured Claims is based on (i) a Class 3 Allocation equal to $28.75 million 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).

standard, the Debtors, with the assistance of Seabury, have analyzed the ability of the Reorganized Debtors to meet their obligations under the Plan and to retain sufficient liquidity and capital resources to conduct their businesses, taking into account the Debtors' financial projections (the "**Financial Projections**") included in Appendix C hereto. These Financial Projections were prepared by the Debtors' management with the assistance of Seabury.

As noted in Appendix C, the Financial Projections present information with respect to all the Reorganized Debtors on a consolidated basis. Prior to the hearing to approve the Disclosure Statement, the Debtors may replace the Financial Projections with revised Financial Projections. These 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 Financial Projections also do not reflect any adjustments on account of the District Court's order vacating the Bankruptcy Court's section 1113 ruling related to IBT.

The Debtors have prepared the Financial Projections solely for the purpose of providing "adequate information" under section 1125 of the Bankruptcy Code to enable the Class 3 holders to make an informed judgment about the Plan and the Financial Projections 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. The Financial Projections are subject to change over time and the Debtors disclaim any obligation to update them on any basis (including new information or discovery of mistake).

In addition to the cautionary notes contained elsewhere in this Disclosure Statement and in the Financial Projections, it is underscored that the Debtors make no representation as to the accuracy of the Financial Projections or their ability to achieve the projected results. Many of the assumptions on which the Financial Projections are based are subject to significant uncertainties. Inevitably, some assumptions will not materialize and unanticipated events and circumstances may affect the financial results. Therefore, the actual results achieved throughout the Projection Period (as defined therein) may vary from the Financial Projections and the variations may be material. Also as noted above, the Financial Projections currently do not reflect the impact of any "fresh start reporting," and its impact on the Reorganized Debtors "Consolidated Balance Sheets" and prospective "Results of Operations" may be material. All holders of Claims in the Impaired Classes are urged to examine carefully all of the assumptions on which the Financial Projections are based in connection with their evaluation of, and voting on, the Plan.

Based upon the Financial Projections, the Debtors believe that they will be able to make all distributions and payments under the Plan (including Cures) and, that Confirmation of the Plan is not likely to be followed by the Debtors' liquidation or need for further restructuring.

Section 6.5 Acceptance by Impaired Classes

Except as described in Section 6.6 below, the Bankruptcy Code also requires, as a condition to Confirmation, that each Impaired Class accept the Plan. A Class of Claims or

Interests that is Unimpaired under the Plan is deemed to have accepted the Plan and, therefore, solicitation of acceptances with respect to such Class is not required. A Class is Impaired unless the Plan (i) leaves unaltered the legal, equitable and contractual rights to which the Claim or Interest entitles the holder of such Claim or Interest; (ii) cures any default and reinstates the original terms of the obligation and does not otherwise alter the legal, equitable or contractual rights to which the Claim or Interest entitles the holder of such Claim or Interest; (iii) provides that, upon the Effective Date, the holder of the Claim or Interest receives cash equal to the Allowed amount of such Claim or (iv) other treatment as necessary to satisfy the requirements of section 1124 of the Bankruptcy Code.

Section 1126(c) of the Bankruptcy Code defines acceptance of the Plan by an Impaired Class as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of Claims in that Class; only those holders that actually vote to accept or reject the Plan are counted for purposes of determining whether these dollar and number thresholds are met. Thus, a Class of Claims will have voted to accept the Plan only if two-thirds in amount and a majority in number that actually vote cast their ballots in favor of acceptance. Under section 1126(d) of the Bankruptcy Code, a Class of Interests has accepted the Plan if holders of such Interests holding at least two-thirds in amount that actually vote have voted to accept the Plan. Holders of Claims or Interests who fail to vote are not counted as either accepting or rejecting the Plan.

a. Unfair Discrimination

The Plan does not discriminate unfairly if it provides a treatment to each Class that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. In determining whether a plan discriminates unfairly, courts will take into account a number of factors, including the effect of applicable subordination agreements between parties. Accordingly, two Classes of holders of unsecured Claims could be treated differently without unfairly discriminating against either Class.

b. Fair and Equitable

The condition that the Plan be "fair and equitable" with respect to a non-accepting Class of Secured Claims includes the requirements that: (i) the holders of such Secured Claims retain the Liens securing such Claims to the extent of the Allowed amount of the Secured Claims, whether the property subject to the Liens is retained by the Debtors or transferred to another entity under the Plan and (ii) each holder of a Secured Claim in the Class receives deferred Cash payments totaling at least the Allowed amount of such Claim with a present value, as of the Effective Date, at least equivalent to the value of the Secured Claim holder's interest in the Debtors' property subject to the Liens.

The condition that the Plan be "fair and equitable" with respect to a non-accepting Class of unsecured Claims includes the requirement that either: (i) the Plan provides that each holder of a Claim of such Class receive or retain, on account of such Claim, property of a value, as of the Effective Date, equal to the Allowed amount of such Claim; or (ii) the holder of any Claim or

Interest that is junior to the Claims of such Class will not receive or retain any property under the Plan on account of such junior Claim or Interest.

The condition that a plan be "fair and equitable" with respect to a non-accepting Class of Interests includes the requirements that either: (i) the Plan provide that each holder of an Interest in such Class receive or retain under the Plan, on account of such Interest, property of a value, as of the Effective Date, equal to the greater of (x) the Allowed amount of any fixed liquidation preference to which such holder is entitled, (y) any fixed redemption price to which such holder is entitled or (z) the value of such Interest or (ii) if the Class does not receive such an amount as required under (i), no class of Interests junior to the non-accepting Class may receive a distribution under the Plan.

Section 6.6 The Plan and Confirmation Without Acceptance of All Classes

The Debtors seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any Impaired Class presumed to reject the Plan. Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by at least one Class that is Impaired under the Plan.

The Debtors submit that the Plan does not "discriminate unfairly" and satisfies the "fair and equitable" requirement. With respect to the unfair discrimination requirement, all Classes under the Plan are provided treatment that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. With respect to the fair and equitable requirement, as set forth above and in the Plan, all holders of Secured Claims are Unimpaired and are, therefore, deemed to have accepted the Plan. Holders of General Unsecured Claims will not receive a distribution equal to the Allowed amount of their Claims but no holders of junior Claims or Interests will receive any distribution under the Plan on account of such junior Claims or Interests.[15] Holders of Interests in Class 4a (interests in Frontier Holdings) and Class 4c (Securities Litigation Claims) will not receive any distribution under the Plan on account of their Interests, but there is no junior Claim or Interest that shall receive any distribution under the Plan.

[15] As set forth in Sections 4.2(e) of the Plan, Interests in the Subsidiary Debtors will be Reinstated for the ultimate benefit of Reorganized Frontier, in exchange for the agreement of Reorganized Frontier to make distributions under the Plan to Creditors of the Subsidiary Debtors and to use certain funds and assets, to the extent authorized in the Plan, to satisfy certain obligations of the Subsidiary Debtors. Additionally, as set forth in Section 4.3 of the Plan, Intercompany Claims are Unimpaired.

ARTICLE 7
CERTAIN FACTORS TO BE CONSIDERED PRIOR TO VOTING

Section 7.1 Voting Process

The Bankruptcy Court can confirm the Plan only if it determines that the Plan complies with the technical requirements of Chapter 11 of the Bankruptcy Code. One of these technical requirements is that the Bankruptcy Court find, among other things, that the Plan has been accepted by the requisite votes of all Classes of Impaired Claims and Interests. On July 22, 2009, the Bankruptcy Court entered its Approval Order[16] that, among other things, approved this Disclosure Statement, approved procedures for soliciting votes on the Plan, approved the form of the solicitation documents and various other notices, set the Voting Record Date, the Voting Deadline and the date of the Confirmation Hearing and established the relevant objection deadlines and procedures associated with Confirmation of the Plan.

A copy of the Approval Order is hereby incorporated by reference as though fully set forth herein. THE APPROVAL ORDER SHOULD BE READ IN CONJUNCTION WITH THIS ARTICLE 7 OF THE DISCLOSURE STATEMENT.

If you have any questions about (i) the procedures for voting your Claim or Interest or with respect to the packet of materials that you have received or (ii) the amount of your Claim or Interest, please contact the Debtors' Solicitation Agent at (646) 282-2400. If you wish to obtain (at no charge) an additional copy of the Plan, this Disclosure Statement or other solicitation documents, you can obtain them from the Debtors' case information website (located at *www.frontier-restructuring.com*) or by requesting a copy from the Debtors' Solicitation Agent, which can be reached at (646) 282-2400.

Section 7.2 Who is Entitled to Vote on the Plan?

In general, a holder of a Claim or an Interest may vote to accept or reject a plan of reorganization if (i) no party in interest has objected to such Claim or Interest (or the Claim or Interest has been Allowed subsequent to any objection or estimated for voting purposes), (ii) the Claim or Interest is Impaired by the Plan and (iii) the holder of such Claim or Interest will receive or retain property under the Plan on account of such Claim or Interest. Only the holders of Claims in Class 3 (General Unsecured Claims) are entitled to vote on the Plan.

In general, if a Claim or an Interest is Unimpaired under a plan of reorganization, section 1126(f) of the Bankruptcy Code deems the holder of such Claim or Interest to have accepted such plan and thus the holders of Claims in such Unimpaired Classes are not entitled to vote on such plan. Because the following Classes are Unimpaired under the Plan, the holders of Claims in these Classes are not entitled to vote:

[16] Capitalized terms in this Article 7 that are not otherwise defined in the Disclosure Statement or Plan shall have the meanings ascribed to them in the Approval Order.

- Class 1 (Other Priority Claims)
- Class 2 (Secured Claims)
- Class 4b (Interests in Frontier and Lynx)

In general, if the holder of an Impaired Claim or Impaired Interest will not receive any distribution under a plan of reorganization in respect of such Claim or Interest, section 1126(g) of the Bankruptcy Code deems the holder of such Claim or Interest to have rejected such plan, and thus the holders of Claims or Interests in such Classes are not entitled to vote on such plan. The holders of Claims and Interests in the following Classes are conclusively presumed to have rejected the Plan and are therefore not entitled to vote:

- Class 4a (Interests in Frontier Holdings)
- Class 4c (Securities Litigation Claims)

For a more detailed discussion of the procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan, please review the Approval Order.

Section 7.3 Solicitation Packages for Voting Classes

As set forth in the Approval Order, the Debtors will distribute or cause to be distributed, to the holders of claims in Class 3, Solicitation Packages with contents as follows:

(a) a cover letter describing the contents of the Solicitation Package, the contents of the enclosed CD-ROM and instructions for obtaining hard copies of any materials provided on the CD-ROM at no charge;

(b) a CD-ROM containing the following:

(i) the Disclosure Statement (with the Plan annexed thereto and other exhibits); and

(ii) the Approval Order (without exhibits);

(c) the Confirmation Hearing Notice;

(d) a Ballot or Beneficial Ballot, as appropriate, together with a pre-addressed postage pre-paid envelope;

(e) a letter from the Creditors' Committee regarding acceptance of the Plan, to the extent such letter is provided to the Debtors by the Creditors' Committee sufficiently in advance of production of the Solicitation Packages to allow inclusion; and

(f) such other materials as the Bankruptcy Court may direct.

Section 7.4 Solicitation Packages for Non-Voting Classes

a. Unimpaired Classes of Claims and Interests Not Eligible to Vote

Under section 1126(f) of the Bankruptcy Code, classes that are not impaired under a plan of reorganization are deemed to accept the plan. The following Classes are Unimpaired under the Plan and are therefore deemed under section 1126(f) of the Bankruptcy Code to accept the Plan: Class 1, Class 2 and Class 4b. Their votes to accept or reject the Plan will not be solicited. Pursuant to the Approval Order, each such party shall receive an "Unimpaired Class Non-Voting Notice" and shall not receive Solicitation Packages or Ballots.

b. Impaired Classes of Claims and Interests Not Eligible to Vote

Under section 1126(g) of the Bankruptcy Code, classes that are not entitled to receive or retain any property under a plan of reorganization are deemed to reject the plan. The following Classes receive no property under the Plan and are therefore deemed under section 1126(g) of the Bankruptcy Code to reject the Plan: Class 4a and Class 4c. Their votes to accept or reject the Plan will not be solicited. Pursuant to the Approval Order, each such party shall receive an "Impaired Class Non-Voting Notice" and shall not receive Solicitation Packages or Ballots.

Section 7.5 Voting Procedures

BALLOTS CAST BY HOLDERS AND MASTER BALLOTS CAST ON BEHALF OF BENEFICIAL HOLDERS IN CLASSES ENTITLED TO VOTE MUST BE RECEIVED BY THE SOLICITATION AGENT BY THE VOTING DEADLINE AT THE FOLLOWING ADDRESSES:

If by U.S. Mail:	**If by courier/hand delivery:**
Frontier Airlines Ballot Processing c/o Epiq Bankruptcy Solutions, LLC P.O. Box 5014, FDR Station New York, NY 10150-5014	Frontier Airlines Ballot Processing c/o Epiq Bankruptcy Solutions, LLC 757 Third Avenue, 3rd Floor New York, NY 10017

IF YOU HAVE ANY QUESTIONS ON VOTING PROCEDURES, PLEASE CALL THE SOLICITATION AGENT AT (646) 282-2400.

Ballots received after the Voting Deadline will not be counted by the Debtors in connection with the Debtors' request for Confirmation of the Plan. The method of delivery of Ballots to be sent to the Solicitation Agent is at the election and risk of each Class 3 holder. Except as otherwise provided in the Approval Order, such delivery will be deemed made only when the original executed Ballot is actually received by the Solicitation Agent. In all cases, sufficient time should be allowed to assure timely delivery. Original executed Ballots or Master Ballots are required. Delivery of a Ballot or Master Ballot to the Solicitation Agent by facsimile,

e-mail or any other electronic means will not be accepted. No Ballot or Master Ballot should be sent to the Debtors, their agents (other than the Solicitation Agent), any indenture trustee (unless specifically instructed to do so) or the Debtors' financial or legal advisors; any such ballots will not be counted.

Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and those restrictions on modifications set forth in the Plan, the Debtors, in consultation with the Creditors' Committee, may alter, amend or modify the Plan, and in certain cases, without additional disclosure. If the Debtors make material changes to the terms of the Plan or if the Debtors waive a material condition, the Debtors will disseminate additional solicitation materials and extend the solicitation period. In each case to the extent required by the Bankruptcy Code or Bankruptcy Rules, as set forth in the Plan and/or directed by the Bankruptcy Court. After the Confirmation Date and prior to substantial consummation of the Plan, the Debtors may institute proceedings in the Bankruptcy Court pursuant to section 1127(b) of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes of the Plan.

Section 7.6 Releases Under the Plan

The third-party release and injunction language in Section 12.7 of the Plan will be included in the Confirmation Hearing Notice and is described in the Plan. Each Ballot advises Creditors in bold and capitalized print that Creditors who (a) vote to accept or reject the Plan and (b) do not elect to opt out of the release provisions contained in Section 12.7 of the Plan shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever released and discharged the Released Parties from any and all Causes of Action.

ARTICLE 8
CERTAIN RISK FACTORS

HOLDERS OF CLAIMS AND INTERESTS SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH, REFERRED TO OR INCORPORATED BY REFERENCE HEREIN, PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THESE FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

Section 8.1 Certain Bankruptcy Considerations

a. Plan Confirmation

The Debtors can make no assurances that they will receive the requisite acceptances to confirm the Plan. Even if the Debtors receive the requisite acceptances, there is no assurance that the Bankruptcy Court will confirm the Plan.

Even if the Bankruptcy Court determined that the Disclosure Statement and the balloting procedures and results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for confirmation had not been met, including that the Plan is "fair and equitable" to non-accepting Classes. Moreover, there can be no assurance that modifications to the Plan will not be required for Confirmation or that such modifications would not necessitate the resolicitation of votes. If the Plan is not confirmed, it is unclear what distributions holders of Claims or Interests ultimately would receive with respect to their Claims or Interests in a subsequent plan of reorganization.

b. Objections to Classification of Claims

Section 1122 of the Bankruptcy Code provides that a plan of reorganization may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtors believe that the Plan has classified all Claims and Interests in compliance with the provisions of section 1122 of the Bankruptcy Code, but it is possible that a holder of a Claim or an Interest may challenge the classification of Claims and Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In such event, the Debtors intend, to the extent permitted by the Bankruptcy Court and the Plan, to make such reasonable modifications of the classifications under the Plan to permit Confirmation and to use the Plan acceptances received in this solicitation for the purpose of obtaining the approval of the reconstituted Class or Classes of which the accepting holder is ultimately deemed to be a member. Any such reclassification could adversely affect the Class in which such holder was initially a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan.

c. Risk of Non-Occurrence of the Effective Date

Although the Debtors believe that the Effective Date will occur soon after the Confirmation Date, there can be no assurance as to the timing of the Effective Date. In the event that the conditions precedent described in Section 13.1 of the Plan have not been satisfied or waived by 60 calendar days after the Confirmation Date (and the Debtors file a notice of revocation on the Bankruptcy Court's docket), then (i) the Plan shall be null and void in all respects, (ii) any settlement or compromise embodied in the 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 the Plan and any document or agreement executed pursuant to the Plan, shall be deemed null and void and (iii) nothing contained in the

Plan shall (A) constitute a waiver or release of any Claims by or against, or any Interests in, such Debtors or any other Person, (B) prejudice in any manner the rights of such Debtors or any other Person or (C) constitute an admission of any sort by the Debtors or any other Person.

d. The Bankruptcy Court Might Not Order the Plan Consolidation

The Plan is premised upon the consolidation of the Debtors solely for purposes of actions associated with the Confirmation of the Plan and the occurrence of the Effective Date, including voting, Confirmation and distributions. The Debtors can provide no assurance, however, that a holder or holders will not object to the Plan Consolidation, or that the Bankruptcy Court will determine that the Plan Consolidation is appropriate.

As set forth more fully in Section 2.2 of the Plan, in the event that the Bankruptcy Court does not order or orders only partial Plan Consolidation the Debtors reserve the right (i) to proceed with no or partial Plan Consolidations, (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 the Plan Consolidation or any Sub-plan or the Debtors' election to withdraw the Plan Consolidation or Sub-plan shall not impair the Confirmation of any other Sub-plan or the consummation of any such Sub-plan. In the event that the Bankruptcy Court does not order the Plan Consolidation: (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 Section 2.2 of the Plan and the applicable Sub-plan and (ii) the Debtors shall not, nor shall they be required to, resolicit votes with respect to the Plan or any applicable Sub-plan, and such votes shall be counted as provided in Section 5.1 of the Plan.

e. Undue Delay in Confirmation May Disrupt Operations of the Debtors

The continuation of the Chapter 11 Cases, particularly if the Plan is not approved or confirmed in the time frame currently contemplated, could adversely affect operations and relationships with the Debtors' customers, vendors, employees, regulators and program and alliance partners. If Confirmation and consummation of the Plan do not occur expeditiously, the result would be, at a minimum, increased costs due to additional professional fees and similar expenses. In addition, prolonged chapter 11 proceedings may make it more difficult to retain and attract management and other key personnel and would mean that senior management would be required to continue to spend a significant amount of time and effort dealing with the Debtors' financial reorganization instead of focusing on the operation of the Debtors' businesses.

f. Plan Releases May Not Be Approved

There can be no assurance that the Plan releases, as provided in Article 12 of the Plan, will be granted. Failure of the Bankruptcy Court to grant such relief may result in a plan of reorganization that differs from the Plan.

Section 8.2 Other Factors Affecting the Value of the Reorganized Debtors

a. The Reorganized Debtors May Not Be Able to Achieve their Projected Financial Results

Actual financial results may differ materially from the Financial Projections set forth in Appendix C hereto. If the Reorganized Debtors do not achieve projected revenue or cash flow levels, the Reorganized Debtors may lack sufficient liquidity to continue operating their businesses consistent with the Financial Projections after the Effective Date. The Financial Projections represent management's view based on currently known facts and hypothetical assumptions about their future operations; they do not guarantee the Reorganized Debtors' future financial performance.

b. The Debtors' Financial Projections Are Subject to Inherent Uncertainty Due to the Numerous Assumptions Upon Which They are Based

The Financial Projections are based on numerous assumptions, including, without limitation: the timing, Confirmation and consummation of the Plan; the anticipated future performance of the Reorganized Debtors; airline industry performance; general business and economic conditions; fuel costs; and other matters, many of which are beyond the control of the Debtors and some or all of which may not materialize. Unanticipated events or circumstances occurring subsequent to the approval of this Disclosure Statement by the Bankruptcy Court, including, without limitation, natural disasters, terrorism or health epidemics, may affect the actual financial results of the Reorganized Debtors' operations. Because the actual results achieved throughout the periods covered by the Financial Projections may vary from the projected results, the Financial Projections should not be relied upon as an assurance of the actual results that will occur.

Except with respect to the Financial Projections and except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that might occur subsequent to the date hereof. Such events could have a material impact on the information contained in this Disclosure Statement. Neither the Debtors nor the Reorganized Debtors intend to update the Financial Projections. The Financial Projections, therefore, will not reflect the impact of any subsequent events not already accounted for in the assumptions underlying the Financial Projections.

c. Allowance of Claims May Substantially Dilute the Recovery to Holders of Claims Under the Plan

There can be no assurance that the estimated Claim amounts set forth in this Disclosure Statement are correct, and the actual allowed amounts of Claims may differ materially from the estimates. The estimated amounts are based on certain assumptions with respect to a variety of factors. Should these underlying assumptions prove incorrect, the actual allowed amounts of certain Claims may vary materially from those estimated herein. Because distributions to holders of General Unsecured Claims under the Plan are linked to the amount and value of

Allowed General Unsecured Claims, any material increase in the amount of Allowed General Unsecured Claims over the amounts estimated by the Debtors would materially reduce the recovery to holders of General Unsecured Claims under the Plan.

d. Due to Fresh-Start Accounting Rules, the Reorganized Debtors' Financial Statements will Not be Comparable to the Financial Statements Contained in Appendix C of this Disclosure Statement

Due to Fresh Start Accounting Rules, the Reorganized Debtors' Financial Statements will not be comparable to the Financial Statements Contained in the Debtors' SEC filings.

As a result of the consummation of the Plan and the transactions contemplated thereby, the Reorganized Debtors will be subject to the fresh-start accounting rules in accordance with American Institute of Certified Public Accountants Statement of Position 90-7 "Financial Reporting by Entities in Reorganization under the Bankruptcy Code." Accordingly, the financial condition and results of operations of the Reorganized Debtors from and after the Effective Date will not be comparable to the financial condition or results of operations reflected in the consolidated historical financial statements of the Debtors contained in Frontier Holdings' filings with the SEC.

In addition, the Financial Projections contained in Appendix C do not currently reflect the impact of fresh start reporting, which may have a material impact on the Financial Projections.

Section 8.3 Risks Relating to the Debtors' Business and Financial Condition

a. Fluctuations in Fuel Prices Could Negatively Impact the Debtors' Financial Results

The Debtors' operating results are significantly impacted by changes in the price and availability of aircraft fuel. Mainline's average fuel price per gallon, net of hedging activities, increased from $1.99 in 2006 to $2.12 in 2007 to $2.45 in 2008 to $3.11 in 2009. As of June 12, 2009, the average price per gallon was approximately $2.04. The Debtors' fuel expense, including the impact of hedging, increased to $531 million for the year ending March 31, 2009 from approximately $455 million for the year ending March 31, 2008. Fuel costs represented 41.5%, 35.3% and 31.8% of the Debtors' operating expenses in 2009, 2008 and 2007, respectively. Increases in fuel costs have had a significant negative effect on the Debtors' results of operations and financial condition. Although the price of crude oil fell to $30 a barrel in December 2008, the lowest level since the end of 2003, oil prices continue to be volatile and are impacted by speculative trading in the commodities markets and concerns over the economy and global demand, including recent price increases due to increased demand from China. In the first month of the 2010 fiscal year, the Debtors' average fuel price was $1.62 per gallon and fuel costs represented 25.5% of the Debtors' operating expenses in this period. The Financial Projections in Appendix C assume fuel price escalation based on recent Gulf Coast Jet Fuel (GCJET) and West Texas Intermediate (WTI) forward curves, resulting in a projected average cost for aviation

fuel of $2.10 (including taxes and fees) per gallon for the 2010 fiscal year, with a 4.9% average annual increase in the price of aviation fuel for the 2011 through 2014 fiscal years.

The Debtors' ability to pass along increased costs of fuel to their customers is limited by the competitive nature of the airline industry. The Debtors generally have not been able to increase their fares to fully offset the effect of increases in fuel costs in the past and they may not be able to do so in the future.

Although the Debtors have arrangements with major fuel suppliers for substantial portions of their fuel requirements, such fuel purchase contracts do not provide material protection against price increases or assure the availability of fuel supplies.

The Debtors are currently able to obtain adequate supplies of aircraft fuel, but it is impossible to predict future availability or price. Natural disasters, political disruptions, changes in governmental policy, changes in fuel production capacity and other unpredictable events may result in additional fuel supply shortages and price increases in the future.

b. Dependence on the Denver Market and Potential Negative Impact on Operations

Currently, 100% of Frontier's flights originate from their DIA hub (excepting seasonal non-hub flights to and from Mexico). This hub operation includes flights that gather and distribute traffic from markets in the geographic region surrounding the hub to other major cities and to other Frontier hubs. A significant interruption or disruption in service at DIA could have a serious impact on the Debtors' business, financial condition and operating results. In addition, operating costs out of the DIA hub substantially exceed those incurred by airlines operating out of most other hub airports and put the Debtors at a competitive disadvantage against such airlines.

c. Price Discounting

The airline industry is highly competitive and susceptible to price discounting. Price competition comes primarily from offering discount or promotional fares. Under domestic law, carriers are not restricted in setting domestic fares, and fares offered by one airline are normally quickly matched by competing airlines. In addition, competition has been enhanced by deregulation of the airline industry, which has facilitated expansion of established carriers into new markets as well as new entrants. Despite the improved financial condition of the Reorganized Debtors as a result of their reorganization and the investment by the Plan Sponsor, the Reorganized Debtors may have less financial resources than many of their competitors and there can be no assurance that the Debtors will be able to preserve their market position at the DIA hub or generally in the domestic market. Accordingly, the Reorganized Debtors may be less able to withstand a prolonged industry recession, fare war or other unforeseen circumstance or crisis, thereby affecting the performance of the Reorganized Debtors.

d. Employee Strikes and Other Labor-Related Disruptions May Adversely Affect the Debtors' Operations

The Debtors' business is labor intensive, utilizing large numbers of pilots, flight attendants and other personnel. Approximately 20% of their workforce is unionized. Strikes or labor disputes with Frontier and its affiliates' unionized employees may adversely affect the Debtors' ability to conduct business. Relations between air carriers and labor unions in the United States are governed by the Railway Labor Act, which provides that a collective bargaining agreement between an airline and a labor union does not expire, but instead becomes amendable as of a stated date. The Railway Labor Act generally prohibits strikes or other types of self-help actions both before and after a collective bargaining agreement becomes amendable, unless and until the collective bargaining processes required by the Railway Labor Act have been exhausted.

If the Debtors are unable to reach agreement with any of their unionized work groups on future negotiations regarding the terms of their collective bargaining agreements or if additional segments of the Debtors' workforce become unionized, they may be subject to work interruptions or stoppages, subject to the requirements of the Railway Labor Act.

e. Rejection of IBT Collective Bargaining Agreement Pursuant to Section 1113 Subject to Appeal

In November 2008, by order of the Bankruptcy Court (the "**IBT Order**"), the IBT Maintenance Agreement and the IBT Material Specialist Agreement were rejected and deemed amended by operation of law. IBT appealed the IBT Order, to the United States District Court for the Southern District of New York and on July 20, 2009, the District Court vacated and remanded the Bankruptcy Court's ruling. Frontier is considering its options as to next steps. There can be no assurance that Frontier will ultimately prevail in overturning the District Court's order or otherwise achieve the relief it needs relating to the relevant IBT agreements, in which case the Debtors could be subject to significant liabilities, including increased labor costs, claims by IBT for lost pay and benefits and the inability to hire contract workers if there are not enough mechanics to complete the heavy maintenance checks that their aircraft require.

f. The Debtors Are Dependent on Technology in their Operations, and if their Technology Fails or the Debtors Are Unable to Continue to Invest in New Technology, the Debtors' Business May Be Adversely Affected

The Debtors are dependent in part on technology initiatives to reduce costs and to enhance customer service in order to compete in the current business environment. For example, the Debtors have made significant investments in a computerized airline reservation system, telecommunication systems, website, check-in kiosks and in-flight entertainment systems and related initiatives. The performance and reliability of such technology is critical to the Debtors' ability to attract and retain customers and their ability to compete effectively. In the current challenging business environment, the Debtors may not be able to continue to make sufficient capital investments in their technology infrastructure to deliver these expected benefits.

In addition, any internal technology error or failure or large scale external interruption in technology infrastructure the Debtors depend on, such as power, telecommunications or the internet, may disrupt their technology network. Any individual, sustained or repeated failure of technology could impact the Debtors' customer service and result in increased costs. The Debtors' technology systems may be vulnerable to a variety of sources of interruption due to events beyond their control, including power outages, natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers and other security issues. While the Debtors have in place, and continue to invest in, technology security initiatives and disaster recovery plans, these measures may not be adequate or implemented properly to prevent a disruption and its adverse financial consequences to the Debtors' businesses.

g. Frontier's All Airbus Fleet Poses a Concentration Risk

Frontier completed its transition from operating a mixed fleet of Boeing and Airbus aircraft on its mainline routes to operating solely Airbus aircraft in April 2005. This strategy was designed to minimize crew training, maintenance and spare parts inventory costs. However, since Frontier operates only Airbus aircraft it also runs a substantial risk of disruption to its operations if the A320 family of Airbus aircraft are grounded for any period of time or Airbus is unable to perform its obligations under existing purchase agreements. An inability of Airbus to meet its supply obligations would force Frontier to acquire Boeing aircraft and would require Frontier to address fleet transition issues including substantial costs associated with retraining employees and acquiring new spare parts.

h. The Debtors Are At Risk of Losses and Adverse Publicity Stemming from any Accident Involving their Aircraft

An accident or incident involving one of the Debtors' aircraft could involve repair or replacement of a damaged aircraft and its consequential temporary or permanent loss from service, and significant potential claims of injured passengers and others. The Debtors are required by the DOT and their lenders and lessors to carry hull, liability and war risk insurance. Although the Debtors believe they currently maintain liability insurance in amounts and of the type generally consistent with industry practice, the amount of such coverage may not be adequate and they may be forced to bear substantial losses from an accident. Substantial claims resulting from an accident in excess of their related insurance coverage would harm their business and financial results. Moreover, any aircraft accident or incident, even if fully insured, could cause a public perception that the Debtors are less safe or reliable than other airlines, which would harm their business.

i. The Airline Industry Is Highly Competitive and, if the Debtors Cannot Successfully Compete in the Marketplace, their Businesses, Financial Condition and Operating Results Will Be Materially Adversely Affected

The Debtors face significant competition with respect to fares, fare flexibility, the number of markets in which they operate, their frequent flyer programs, brand recognition (particularly in the Denver market), the level of passenger entertainment available on their aircraft and the

quality of their customer service. The Debtors compete principally with United, the dominant carrier at DIA, as well as Southwest. The Debtors anticipate that they may have to compete with United in any additional market they elect to serve in the future. In addition, Southwest started service to and from Denver in January 2006 and had a total market share at DIA of approximately 13.2% as of February 2009. Southwest's introductory fares were significantly below the fares the Debtors were able to obtain prior to its arrival. Fare pressure exerted by Southwest on its announced routes and on any future expansion in Denver by Southwest requires the Debtors to be fare competitive and may place additional downward pressure on the Debtors' yields. In addition, in the last four years, Alaska Airlines, JetBlue Airways and AirTran Airways have commenced service at DIA. These airlines have offered low introductory fares and compete on several of the Debtors' routes. Fare wars, predatory pricing, ''capacity dumping,'' in which a competitor places additional aircraft on selected routes, and other competitive activities could adversely affect the Debtors' revenue and results of operations.

j. The Airline Industry Has Changed Fundamentally Since the Terrorist Attacks on September 11, 2001

Since the terrorist attacks of September 11, 2001, the airline industry has experienced fundamental and permanent changes, including substantial revenue declines and cost increases, which have resulted in industry-wide liquidity issues. The terrorist attacks significantly reduced the demand for air travel, and additional terrorist activity involving the airline industry could have an equal or greater impact. Additional terrorist attacks or fear of such attacks, even if not made directly on the airline industry, negatively affect the Debtors and the airline industry. The airline industry in the United States has experienced a prolonged reduction in high-yield business travel and increased price sensitivity in customers' purchasing behavior. In addition, aircraft fuel prices have increased significantly during the last several years and although they have recently decreased, fuel prices continue to be volatile. The airline industry has continued to add or restore capacity despite these conditions. The Debtors expect that all of these conditions will persist and will continue to impact their operations and their efforts to return to profitability.

k. The Airline Industry Is Subject to Extensive Government Regulation, and New Regulations May Increase the Debtors' Operating Costs

Airlines are subject to extensive regulatory and legal compliance requirements that result in significant costs. For instance, the FAA from time to time issues directives and other regulations relating to the maintenance and operation of aircraft that necessitate significant expenditures. The Debtors expect to continue incurring expenses to comply with FAA regulations, which may be significant.

The federal government has on several occasions proposed a significant increase in per ticket taxes. Due to the weak revenue environment, the existing tax has negatively impacted the Debtors' revenues because the Debtors have generally not been able to increase their fares to pass these fees on to their customers. Similarly, the proposed increase in ticket taxes, if implemented, could negatively impact the Debtors' revenues.

Furthermore, the Debtors and other U.S. carriers are subject to domestic and foreign laws regarding privacy of passenger and employee data. Compliance with these regulatory regimes is expected to result in additional operating costs and could impact the Debtors' operations and any future expansion.

l. The Airline Industry Is Seasonal and Cyclical, resulting in Unpredictable Liquidity and Earnings

Due to the cyclicality of the airline industry the Debtors' liquidity and earnings will fluctuate and be unpredictable as they depend on passenger travel demand and seasonal variations will have a significant impact on such demand. The Debtors, like any airline, often experience short-term cash requirements due to seasonal fluctuations in traffic, which often reduce cash flow during off peak periods.

m. The Debtors Operate in a High Fixed Cost Business, and Any Unexpected Decrease in Revenue Would Harm Them

The airline industry is characterized by low profit margins and high fixed costs primarily for personnel, fuel, aircraft ownership and lease costs. The expenses of an aircraft flight do not vary significantly with the number of passengers carried and, as a result, a relatively small change in the number of passengers or in pricing would have a disproportionate effect on their operating and financial results.

n. The Debtors' Insurance Costs Have Increased Substantially as a Result of the September 11 Terrorist Attacks, and Further Increases in Insurance Costs or Reductions in Coverage Could Have a Material Adverse Impact on the Debtors' Business and Operating Results

As a result of the terrorist attacks on September 11, 2001, aviation insurers significantly reduced the maximum amount of insurance coverage available to commercial air carriers for liability to persons (other than employees or passengers) for claims resulting from acts of terrorism, war or similar events. At the same time, aviation insurers significantly increased the premiums for such coverage and for aviation insurance in general. Since September 24, 2001, the U.S. government has been providing U.S. airlines with war-risk insurance to cover certain losses, including those resulting from terrorism, to passengers, third parties (ground damage) and the aircraft hull. The coverage currently extends through August 31, 2009. The withdrawal of government support of airline war-risk insurance would require the Debtors to obtain war-risk insurance coverage commercially, if available. Such commercial insurance could have substantially less desirable coverage than that currently provided by the U.S. government, may not be adequate to protect the Debtors' risk of loss from future acts of terrorism, may result in a material increase to their operating expenses or may not be obtainable at all, resulting in an interruption to their operations.

o. Access to Financing

The Debtors believe that substantially all of their needs for funds necessary to consummate the Plan and for post-Effective Date working capital financing will be met by projected operating cash flow and the investment by the Plan Sponsor. If the Debtors or the Reorganized Debtors require working capital and financing for aircraft acquisitions greater than that provided by projected operating cash flow and the investment by the Plan Sponsor, they may be required either to (a) obtain other sources of financing or (b) curtail their operations. The Debtors believe that the recapitalization to be accomplished through the Plan will facilitate their ability to obtain additional and/or replacement working capital financing. No assurance can be given, however, that any additional replacement financing will be available on terms that are favorable or acceptable to the Debtors or the Reorganized Debtors. Moreover, there can be no assurance that the Debtors or the Reorganized Debtors will be able to obtain an acceptable credit facility upon expiration of the DIP Facility.

p. Risks Associated with Republic

Republic is a successful airline and the Debtors believe that their businesses are complementary with Republic's businesses. Thus, the Debtors believe that becoming a wholly-owned subsidiary of Republic post-emergence provides them with significant growth opportunities. However, there can be no assurance that Republic will continue to be a successful carrier, nor that the integration of the Debtors into Republic will be accretive to the Debtors or Republic.

STATEMENTS IN THIS DISCLOSURE STATEMENT THAT ARE NOT HISTORICAL FACTS, INCLUDING STATEMENTS ABOUT THE DEBTORS' ESTIMATES, EXPECTATIONS, BELIEFS, INTENTIONS, PROJECTIONS OR STRATEGIES FOR THE FUTURE, MAY BE "FORWARD-LOOKING STATEMENTS" AS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. FORWARD-LOOKING STATEMENTS INVOLVE RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM HISTORICAL EXPERIENCE OR THE DEBTORS' PRESENT EXPECTATIONS. HOLDERS OF CLAIMS AND INTERESTS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ADDITIONAL INFORMATION REGARDING RISK FACTORS THAT MAY AFFECT THE DEBTORS' FUTURE PERFORMANCE ARE CONTAINED IN FRONTIER HOLDING'S SEC FILINGS, INCLUDING WITHOUT LIMITATION, FRONTIER HOLDING'S FORM 10-K FOR ITS FISCAL YEAR ENDED MARCH 31, 2009. THE DEBTORS UNDERTAKE NO OBLIGATION TO PUBLICLY UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES THAT MAY ARISE AFTER THE DATE OF THIS DISCLOSURE STATEMENT.

ARTICLE 9
CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of certain anticipated U.S. federal income tax consequences of the Plan to the Debtors, holders of Interests in the Debtors and certain holders of Claims that are entitled to vote to accept or reject the Plan. This summary is provided for informational purposes only and is based on the Internal Revenue Code, Treasury Regulations thereunder, and administrative and judicial interpretations and practice, all as in effect on the date hereof and all of which are subject to change, with possible retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. In addition, a substantial amount of time may elapse between the date of this Disclosure Statement and the receipt of a final distribution under the Plan. Events occurring after the date of this Disclosure Statement, including changes in law and changes in administrative positions, could affect the U.S. federal tax consequences of the Plan. Furthermore, if the Plan is amended after the date of this Disclosure Statement, the tax consequences both to holders of Claims and to the Reorganized Debtors may be materially different than those described herein. No opinion of counsel has been obtained, and the Debtors do not intend to seek a ruling from the IRS as to any such tax consequences, and there can be no assurance that the IRS will not challenge one or more of the tax consequences of the Plan described below.

This summary does not apply to holders of Claims that are not United States persons for U.S. federal income tax purposes or that are otherwise subject to special treatment under U.S. federal income tax law (including, for example, banks, governmental authorities or agencies, financial institutions, insurance companies, pass-through entities, tax-exempt organizations, brokers and dealers in securities, mutual funds, small business investment companies and regulated investment companies). Moreover, this summary does not purport to cover all aspects of U.S. federal income taxation that may apply to the Debtors and holders of Other Priority Claims, Secured Claims, General Unsecured Claims and Interests based upon their particular circumstances. Additionally, this summary does not discuss any tax consequences that may arise under state, local or foreign tax law.

This discussion is limited to the federal tax issues addressed herein. Additional issues may exist that are not addressed in this discussion and that could affect the federal tax treatment of consummation of the Plan. This discussion was written in connection with the promotion or marketing by the Debtor of the Plan, and it cannot be used by any person for the purpose of avoiding penalties that may be asserted against the person under the Internal Revenue Code. Holders of Claims or Interests should seek their own advice based on their particular circumstances from an independent tax advisor.

Section 9.1 Certain U.S. Federal Income Tax Consequences to the Holders of Claims and Interests

a. Consequences to Holders of Secured Claims, Other Priority Claims and General Unsecured Claims

1. Secured Claims

The holders of Secured Claims may recognize income, gain or loss for U.S. federal income tax purposes with respect to the discharge of their Claims, depending on whether their Claims are Reinstated or, if not Reinstated, on the outcome of their negotiations with the Debtors. A holder whose Secured Claim is Reinstated pursuant to the Plan generally will not realize income, gain or loss unless either (i) such holder is treated as having received interest, damages or other income in connection with the Reinstatement or (ii) such Reinstatement is considered a "significant modification" of the Claim. Holders of Secured Claims should consult their own tax advisors to determine whether or not a "significant modification" has occurred and its impact to such holder. A holder who receives Cash or other property in exchange for its Secured Claim pursuant to the Plan will generally recognize income, gain or loss for U.S. federal income tax purposes in an amount equal to the difference between (i) the amount of Cash or fair market value of the other property received in exchange for its Claim and (ii) the Creditor's adjusted tax basis in its Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, the nature of the Claim in such holder's hands, whether the Claim constitutes a capital asset in the hands of the holder, whether the Claim was purchased at a discount, and whether and to what extent the holder has previously claimed a bad debt deduction with respect to its Claim. The U.S. federal income tax consequences of the receipt of Cash or other property allocable to accrued interest may be relevant and are summarized below. In addition, the market discount provisions summarized below may also apply.

2. Other Priority Claims and General Unsecured Claims

The receipt of Cash by a holder of Other Priority Claims and General Unsecured Claims (as the case may be) generally will be treated as a taxable exchange of such holder's Claims for Cash. Accordingly, such holders generally will recognize gain or loss equal to the difference between: (x) Cash received in exchange for the Claims and (y) the holder's adjusted basis, if any, in the Claims. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, the nature of the Claim in such holder's hands, whether the Claim constitutes a capital asset in the hands of the holder, whether the Claim was purchased at a discount, and whether and to what extent the holder has previously claimed a bad debt deduction with respect to its Claim. The U.S. federal income tax consequences of the receipt of Cash allocable to accrued interest may be relevant and are summarized below. In addition, the market discount provisions summarized below may also apply.

3. Receipt of Cash by Employees and Retirees

The Debtors' employees and retirees who receive Cash in their capacity as employees or former employees will recognize ordinary income for both federal and state income tax purposes, which, for employment tax purposes, generally will be treated as wages. Ordinary income received by an individual is currently subject to tax for federal purposes at rates as high as 35% and may be subject to social security withholding and other charges. The Debtors will determine the amount and timing of such income in good faith and will report such income to the IRS and recipients and withhold taxes with respect to such distributions in accordance with applicable law.

4. Accrued but Untaxed Interest

To the extent that any amount received under the Plan by a holder is attributable to accrued but untaxed interest (including any accrued original issue discount), such amount should be taxable to the holder as interest income, if such accrued interest has not been previously included in the holder's gross income for U.S. federal income tax purposes. Conversely, a holder may be able to recognize a deductible loss (or, possibly, a write-off against a reserve for bad debts) to the extent that any accrued interest (including any original issue discount) was previously included in the holder's gross income but was not paid in full by the Debtors.

5. Market Discount

Holders who exchange Secured Claims, Other Priority Claims or General Unsecured Claims (as the case may be) for Cash or other property may be affected by the "market discount" provisions of sections 1276 through 1278 of the Internal Revenue Code. Under these rules, some or all of the gain realized by a holder may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on such Claims.

In general, a debt obligation with a fixed maturity of more than one year that is acquired by a holder on the secondary market (or, in certain circumstances, upon original issuance) is considered to be acquired with "market discount" as to that holder if the debt obligation's stated redemption price at maturity (or revised issue price, in the case of a debt obligation issued with original issue discount) exceeds the tax basis of the debt obligation in the holder's hands immediately after its acquisition. However, a debt obligation will not be a "market discount bond" if such excess is less than a statutory *de minimis* amount (equal to 0.25% of the debt obligation's stated redemption price at maturity or revised issue price, in the case of a debt obligation issued with original issue discount, multiplied by the number of complete years remaining to maturity as of the time the holder acquired the debt obligation).

Any gain recognized by a holder on the taxable disposition of Secured Claims, Other Priority Claims and General Unsecured Claims (as the case may be) (determined as described above) that were acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such Claims were considered to be held by a holder (unless the holder elected to include market discount in income as it accrued).

b. Consequences to Holders of Old Stock

Holders of Old Stock, which is being cancelled under the Plan, generally will be entitled to claim a worthless stock deduction (assuming that the taxable year that includes the Plan is the same taxable year in which the Frontier Holdings Stock first became worthless) in an amount equal to the holder's adjusted basis in the Old Stock. A worthless stock deduction is a deduction allowed to a holder of a corporation's stock (that is a capital asset in the hands of such holder) for the taxable year in which such stock becomes worthless, for the amount of the loss resulting therefrom. A worthless stock deduction is treated as a loss from the sale or exchange of a capital asset.

c. Information Reporting and Backup Withholding

Distributions or payments made pursuant to the Plan may be subject to backup withholding unless the holder to which distribution or payment is made: (i) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates that fact or (ii) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax, but merely an advance payment that may be refunded to the extent it results in an overpayment of tax.

Each Debtor will withhold all amounts required by law to be withheld from payments of interest and dividends. Each Debtor will comply with all applicable reporting requirements of the Internal Revenue Code.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTION CONTEMPLATED BY THE RESTRUCTURING, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

Section 9.2 Certain U.S. Federal Income Tax Consequences to Reorganized Debtors

a. Cancellation of Debt and Reduction of Tax Attributes

As a result of the Plan, the amount of the Debtors' aggregate outstanding indebtedness will be substantially reduced. In general, the Internal Revenue Code requires that a debtor in a bankruptcy case reduce certain of its tax attributes—such as NOL carryforwards and current-year NOLs, tax credits and tax basis in assets—by the amount of any cancellation of debt ("**COD**").

The amount of COD, in general, is the excess of (i) the adjusted issue price of the indebtedness satisfied over (ii) the sum of the issue price of any new indebtedness of the taxpayer issued, the amount of cash paid and the fair market value of any new consideration given in satisfaction of such indebtedness at the time of the exchange.

As a result of the discharge of Claims pursuant to the Plan, the Debtors are expected to realize significant COD and resulting attribute reduction.

b. Limitation of Net Operating Loss Carryovers and Other Tax Attributes

The amount of NOLs that will be available to the Debtors post emergence (if any) is based on a number of factors and is difficult to calculate with any precision at this time. Some of the factors that will affect the amount of available NOLs include: the amount of additional tax losses, if any, incurred by the Debtors prior to emergence and the amount of COD incurred by the Debtors in connection with the consummation of the Plan. The amount of federal NOLs available to the Debtor following emergence will be subject to the limitations discussed below.

Section 382 of the Internal Revenue Code generally limits a corporation's use of its NOLs if a corporation undergoes an "ownership change." This discussion describes the limitation determined under Internal Revenue Code section 382 in the case of an "ownership change" as the "**Section 382 Limitation**." The Section 382 Limitation on the use of pre-change NOLs in any "post-change year" is generally equal to the product of the fair market value of the loss corporation's outstanding stock immediately before the ownership change and the long term tax-exempt rate (which is published monthly by the United States Department of the Treasury and is 4.61% for June 2009) in effect for the month in which the ownership change occurs. If the corporation experiencing an ownership change has a "net unrealized built-in gain" (generally, the excess, if any, of the aggregate fair market value of the corporation's assets over the aggregate tax basis of such assets), the Section 382 Limitation which would otherwise apply will be increased by the amount of such built-in gains that are recognized during the five-year period following the ownership change. In addition, Internal Revenue Code section 383 applies a similar limitation to capital loss carryforwards and tax credits.

In general, an ownership change occurs when the percentage of the corporation's stock owned by certain "5% shareholders" increases by more than 50 percent over the lowest percentage owned at any time during the applicable "testing period" (generally, the shorter of: (i) the three-year period preceding the testing date or (ii) the period of time since the most recent ownership change of the corporation). A "5% shareholder" for these purposes includes, generally, an individual or entity that directly or indirectly owns 5% or more of a corporation's stock during the relevant period, and may include one or more groups of shareholders that, in the aggregate, own less than 5% of the value of the corporation's stock.

An ownership change will occur with respect to the Debtors in connection with the Plan. Thus, the Reorganized Debtors' use of their remaining pre-emergence NOLs (if any) to offset taxable income earned after consummation of the Plan will be subject to the Section 382 Limitation.

Section 9.3 Treatment of the Disputed Claims Reserve

The Disputed Claims Reserve is intended to be treated, for U.S. federal income tax purposes, as a disputed ownership fund within the meaning of Treasury regulations section 1.468B-9(b)(1). If any payment is to be made out of the Disputed Claims Reserve, such payment will not be deemed to have been made to any recipient until, and to the extent that, the amount to which the payee is entitled has been determined and distributed. At such time, the recipient will recognize income or loss as more fully described above in Section 9.1 "Certain U.S. Federal Income Tax Consequences to the Holders of Claims and Interests." All holders of Disputed Claims shall report, for income tax purposes, consistently with the foregoing.

Any income realized by the Disputed Claims Reserve prior to the time of the distributions of the assets of the reserve to the holders of Claims will be reported by the Disbursing Agent as income of and taxable to the Disputed Claims Reserve.

ARTICLE 10
RECOMMENDATION

In the opinion of the Debtors, the Plan is preferable to the alternative, because it provides for a larger distribution to the holders than would otherwise result in a liquidation under chapter 7 of the Bankruptcy Code. In addition, any alternative other than Confirmation of the Plan could result in extensive delays and increased administrative expenses, resulting in smaller distributions to the holders of Claims. **Accordingly, the Debtors recommend that holders of Claims entitled to vote on the Plan support Confirmation of the Plan and vote to accept the Plan.**

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