COHEN WEISS AND SIMON LLP

MEMORANDUM

TO: Pat Shea, General Counsel of CWA

FROM: Richard M. Seltzer and Melissa S. Woods

DATE: July 28, 2020

RE: Frontier - Update on Confirmation Plans

We are reporting on developments concerning the upcoming hearing to confirm the Frontier Plan of Reorganization ("Plan"). The case is heading towards a successful conclusion that leaves the CWA CBAs in place and provide for all claims under the CBAs to be paid in full in the ordinary course. This report is based on public information.

Background

Absent an earlier sale, major aspects of most Chapter 11 bankruptcies end by means of a vote on, and court review of, a plan of reorganization (a "plan"). A plan is a legal document providing both for treatment of unpaid claims against the company in bankruptcy (called the "debtor"), and the corporate structure, debt, and ownership of the company post-bankruptcy. Before a plan can be implemented, creditors who are impaired (not receiving full payment on their claims) must receive a court-approved "disclosure statement," which is an SEC-type document with legal and financial information on the company and an explanation of the plan.

There are two ways a plan can provide for treatment of amounts due to creditors that were earned before the bankruptcy filing ("prepetition unsecured claims"). A plan may provide for a particular amount and type of distribution of one or more classes of such unsecured claims; this can be by cash payment, partial payment, distribution of debt, distribution of equity, or potentially no distribution. A plan may also provide for a debtor to "assume" various contracts or obligations of creditors (*e.g.*, union CBAs) with which it will continue to do business after the bankruptcy. Such an assumption means that the company commits to comply with relevant contracts or obligations going forward and pay in full all valid pre-petition amounts that are due.

The Frontier Plan of Reorganization

We were able to persuade Frontier to include in its Plan provisions we proposed related to the treatment of CBAs. Those provisions provide for the assumption of all CBAs, all obligations under CBAs and all relevant employment obligations, including under any CBAs that have expired. Thus, as a union and creditor, the CWA is satisfied with the Plan treatment

relevant to the CWA and its members, and no party has to date raised any issue with that treatment.

However, there are certain secured creditors who contend they are entitled to certain kinds of interest and payments on their debt greater than that provided in the proposed Frontier Plan, and they can be expected to object to approval ("confirmation") of the Plan.

The bankruptcy court, after a hearing on June 29, held that there was sufficient information in the proposed Frontier Disclosure Statement, with some changes, and approved the Plan and Disclosure Statement being distributed to impaired creditors for a vote.

Plan Confirmation Hearing

A hearing has been scheduled for August 11, 2020, to consider whether the court should confirm the Plan. Delays in confirmation hearings are not unusual and there could be delays here. There may be many months between a confirmation hearing and the effective date in this case because of the need for regulatory approvals.

While various litigation over confirmation of the Frontier Plan may ensue, at this time, based on our view of bankruptcy law and past experience, it appears likely that the Plan, including its provisions favorable to the CWA and its CBAs, is likely to be confirmed and ultimately go into effect.

Frontier Ownership Post Hearing

To date, there is no definitive information about Frontier's ownership and board of directors after it emerges from bankruptcy. Typically, a debtor will file a plan supplement or supplements, often shortly before a confirmation hearing, including new organizational documents, the identities of the new board members, the exit facility documents, and the like prior to the confirmation hearing. We expect there to be additional filings in relation to the Plan. At this time we know that the unsecured senior noteholders will receive 100% of the equity under the plan (a portion of the equity will also be reserved for a future Management Incentive Plan ("MIP"), but we do not have clear visibility into exit financing and exactly who is getting what percentage of the equity on a fund by fund basis. We will let you know when additional information is available.

Executive Incentive and Retention Plans

On July 16, 2020, the court held a hearing on Frontier's motion seeking approval of an insider executive incentive plan and a non-insider management retention plan. The CWA together with the IBEW (the "Unions") filed an objection to that Motion, as did the Creditors Committee, certain Noteholders and the United States Trustee. At the time of the hearing, all objections were settled except for those filed by the Unions and the United States Trustee. While the bankruptcy court approved the incentive and retention plans, the court suggested that the Unions can push back on the company, by reviewing the incentive payments, if the company

were to attempt to reduce the workforce or balk against increased salary or benefits post-bankruptcy.

We will keep you informed of future developments.