

Frontier Airlines Files for Chapter 11 Reorganization

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Frontier Airlines and Subsidiaries Will Continue to Operate Complete Flight Schedule, Honor All Tickets and Reservations, Maintain EarlyReturns Frequent Flyer Program, and Provide Pay and Benefits to Employees

Frontier Airlines Holdings, Inc. (NASDAQ:FRNT) announced that, following an unexpected attempt by its principal credit card processor to substantially increase a "holdback" of customer receipts, which threatened to severely impact Frontier's liquidity, Frontier and its subsidiaries have filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code.

Frontier intends to continue normal business operations today and throughout its reorganization process. Specifically, it expects to continue to:

Operate its full schedule of flights,

Honor tickets and reservations and provide refunds and exchanges as usual,

Maintain its EarlyReturns frequent flyer program and other award- winning customer service programs,

Provide employee wages, healthcare coverage, vacation, sick leave and similar benefits without interruption, and,

Pay suppliers for goods and services received during the reorganization process.

"Frontier is committed to delivering exceptional customer service and we intend to continue delivering on that promise with normal operations throughout our reorganization process," said Sean Menke, Frontier President and CEO. "To be clear, we filed for very different reasons than those of other recent carriers, and our customers and employees can be confident that we intend to keep on flying and providing outstanding service and products.

"Given the recent progress we have made towards strengthening our balance sheet and obtaining additional financing, it is truly unfortunate that we have had to take this action," Menke said. "We felt that Frontier would be able to withstand the challenges confronting the U.S. airline industry, which include unprecedented and significant increases in the cost of jet fuel and the impact of the credit crisis in the financial markets, without seeking bankruptcy protection. Frontier has continued to perform relatively well in this difficult environment, and contrary to the trend, we have not seen a decrease in consumer demand, as demonstrated by our record traffic and revenue in March. Unfortunately, our principal credit card processor, very recently and unexpectedly informed us that, beginning on April 11, it intended to start withholding significant proceeds received from the sale of Frontier tickets. This change in established practices would have represented a material change to our cash forecasts and business plan. Unchecked, it would have put severe restraints on Frontier's liquidity and would have made it impossible for us to continue normal operations. The automatic stay provision of the bankruptcy code prohibits the credit card processor from increasing its holdback, and we are prepared to litigate this issue if necessary.

"By filing for Chapter 11, we will now have the time and legal protection necessary to obtain additional financing and enhance our liquidity. Fortunately, we believe that we currently have adequate cash on hand to meet our operating needs while we take steps to further strengthen our company."

Frontier's Chapter 11 cases were filed today in U.S. Bankruptcy Court for the Southern District of New York. Frontier is filing motions with the Court seeking interim relief that will ensure the Company's continued ability to conduct normal operations, including the ability to:

Provide employee wages, healthcare coverage, vacation, sick leave and similar benefits without interruption.

Honor pre-petition obligations to customers and continue customer programs including its EarlyReturns frequent-flyer program.

Pay for fuel under existing fuel supply contracts, and honor existing fuel supply, distribution and storage agreements.

Assume contracts relating to interline agreements with other airlines.

Pay pre-petition obligations to foreign vendors, foreign service providers and foreign governments.

Continue maintenance of existing bank accounts and existing cash management systems.

Use its existing cash on hand to fund post-petition obligations.

Frontier's principal bankruptcy counsel is Davis Polk & Wardwell.

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