

Special  
Edition



FRONTIER AIRLINES

# Frontier News

Published for Frontier Airlines Employees

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## Frontier reports record 1980 profits

Benefiting from a company-wide effort to control operating costs, Frontier Airlines reported record earnings and profits for 1980.

For the year ended Dec. 31, 1980, Frontier recorded net earnings of \$23,214,000, on total revenues of \$468,865,000. During 1979, the airline earned \$21,664,000, on revenues of \$389,655,000.

Record-setting revenues were 20 per cent higher than a year ago, but a 56 per cent increase in the company's tax rate held the net earnings gain to 7 per cent.

Frontier achieved record results in 1980 despite an 11.3 per cent drop in passengers and a decline of 1.4 per cent in revenue passenger miles (one passenger carried one mile).

"Thanks in great measure to the efforts of our employees to control costs, Frontier achieved record financial results for the fifth consecutive year," said Glen Ryland, president and chief executive officer, "in a period that has been termed one of the airline industry's toughest years.

"The cost control efforts, combined with prudent pricing and





scheduling strategies, the strength of the hub and spoke system, and the efficiency of the Boeing 737 helped us achieve these results. Also, the region we serve held up stronger than the nation as a whole in last year's recessionary economy."

At a recent meeting with Frontier employees, Ryland discussed the 1980 results and the outlook for 1981.

### Controlling Costs

"The emphasis throughout the company to control costs and increase productivity was a major contribution to our success in 1980. Special credit should be given to the sales and service division, fuel managers, pilots who save fuel in flight and on the ground, and maintenance and purchasing personnel."

#### 1980 Statistics

Year (000)

	1980	1979	% Change
Total Revenues	\$468,865	\$389,655	20.3
Passenger	\$413,462	\$340,867	21.3
Other	\$ 55,403	\$ 48,788	13.6
Operating Expenses	\$432,478	\$356,392	21.3
Fuel	\$109,107	\$ 74,265	46.9
Labor	\$171,012	\$151,235	13.1
Profit Before Taxes	\$ 33,839	\$ 27,127	24.7
Income Taxes	\$ 10,625	\$ 5,463	94.5
Net Income	\$ 23,214	\$ 21,664	7.2
Revenue Passenger Miles	2,971,592	3,012,253	( 1.4)
Available Seat Miles	5,009,239	4,943,631	1.3
Load Factor (%)	59.3	60.9	—
Passengers Originated	4,970,981	5,606,255	(11.3)
Employees at Year-End	5,622	5,577	0.8

### Capacity

"By tailoring our flight capacity to the demands of the marketplace in 1980, we were able to avoid the massive employee layoffs and service cutbacks that were characteristic of many airlines in 1980."

### 1981 Outlook

"I expect the economy to remain sluggish during much of the first half, which will continue to limit traffic growth, but I am hopeful of traffic gains in the second half. We can't be complacent in 1981, with greatly increased competition in our major markets. We need to continue to fine tune the excellent work we've done this past year."

### Fuel

"Fuel costs, which jumped nearly 50 per cent in 1980, will continue to escalate, particularly spurred by price decontrol of domestic petroleum."

### Aircraft

"The Boeing 737 will be an effective airplane for us throughout this decade. We are continuing to look at several 'new generation' aircraft, such as the 'stretch' Boeing 737-300, DC-9 Super 80, and other advanced technology aircraft, but no firm decisions have been made. By mid-1981 we will have 45 Boeing 737-200s in the fleet. By the end of the year we will have 17 Convair 580s, as we continue to sell these airplanes and build our jet fleet. At this point it looks like most of the Convairs will be gone by 1984."

### Inflight Service

"Some airlines are cutting meal service to reduce costs. We are not following this course. Our employees are proud of our meal service; it is a good marketing tool; and we will not reduce the quality. Likewise, there are no plans to put additional seats into the 737s. Recognizing the limitations due to our high and hot airports, the current configuration works well in our route system."



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