



2002 AIRPORT ROAD  
GRAND RAPIDS, MN 55744  
218/326-6657

August 28, 1984

TO: ALL FELLOW EMPLOYEES

FROM: ROBERT D. SWENSON  
PRESIDENT & CHIEF EXECUTIVE OFFICER

Thank you for keeping us moving forward as we battle the hot weather during the month of August. Our pilots are doing an excellent job of working around the weather and flying in this heat, as are our passenger service agents with the ramp operations. At the same time, our maintenance personnel are working hard to keep air conditioners working and machines in good running order. Keep up the great job, September is just a few days away!

Our corporation had its second annual meeting as a publicly held company on August 10th. Approximately 150 shareholders, stockbrokers and friends attended the meeting or the open house afterwards.

The election of our Board of Directors and appointment of Arthur Andersen and Company as our Company's independent public accountants for the year were the main items on the agenda. At the question and answer session following the meeting, several questions were asked of me and the following question may be of particular interest to you.

Stockbroker: "What is the current load-factor on the Fokker and how is the program going?"

My answer: "The current load-factor on the Fokker is approximately 28% - 30% and we are pleased with the progress to date. The load-factor is lower than we would like due to: our starting the route as soon as possible after we certified as a "Domestic Air Carrier", no special advertising and our startup prior to listing in the Official Airline Guide showing this aircraft type on the route. We started service as soon as possible to gain experience with the aircraft on a gradual basis and give each department time to adjust to the new type of aircraft. We have since been shown in the Official Airline Guide effective August 15th and launched a \$10,000 advertising campaign to show the F27 introduction into service in Sioux Falls, Pierre and Rapid City. Both of these factors will help increase our "Friendship" load factor.

At the meeting we re-elected the eight members of the Board and added one new Director, Rodger T. Munt. Rodger Munt has served as director for our Company since June, 1984. Also, in 1984, Mr. Munt became a Vice President of Westland, Inc., a manufacturer of helicopters, where he is responsible for financing, contracts, public relations, advertising and marketing. From 1981 to 1984, Mr. Munt was president of Airline Management Services, a consulting firm specializing in management planning and review, equipment selection and contract negotiations for the regional airline and aircraft-related manufacturing industries. Prior to 1981, he was employed for 23 years by British Aerospace, Inc., most recently as Vice President of Marketing for North America. Mr. Munt holds a degree in aeronautical engineering. We are very pleased to add Rodger to our Board of Directors.

At this time I would like to list the new employees who have joined our Company within the past two months. A special welcome to all of those who have selected our Company to work with:

|                  |                  |     |                 |
|------------------|------------------|-----|-----------------|
| Fran Einarson    | Pilot            | MSP | July 9, 1984    |
| Stuart Jenson    | Pilot            | MSP | July 9, 1984    |
| Bryan Wood       | PSA              | MCW | July 18, 1984   |
| Kenneth Hislop   | Mechanic         | MSP | July 19, 1984   |
| Doug Hazard      | Line Crew        | MSP | July 23, 1984   |
| Charles Petranek | Mechanic         | MSP | July 25, 1984   |
| Daniel Kelley    | Mechanic         | MSP | August 1, 1984  |
| Kim Hughes       | Flight Attendant | MSP | August 1, 1984  |
| Douglas Dixon    | Mechanic         | GPZ | August 6, 1984  |
| Keith Shoberg    | PSA              | FOD | August 12, 1984 |
| Mark Allen       | Avionics         | GPZ | August 13, 1984 |
| Jackie Norton    | Parts Clerk      | MSP | August 20, 1984 |
| Mark Newman      | Line Crew        | MSP | August 27, 1984 |

As we transition into a heavier pattern of service with the Friendships, we appreciate the extra efforts being done by our pilots who are flying both the Beechs and the Fokkers, as well as, the patience and work of our Inflight Services Department.

Rapid City and Pierre were the sites of our most recent grand openings. Both cities put on an excellent show for the personnel of ours that were there as we began service to Rapid City. Thanks to everyone involved for your help in this startup!

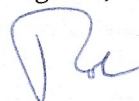
It looks as though Western will be departing Pierre shortly and that we will be staffing there with our own personnel. There may be additional cities staffed by our personnel this Fall, however, it does not look as though Scottsbluff and North Platte will be among them. At this time Frontier Commuter does have a subsidy free proposal in before the Civil Aeronautics Board and it appears as though the CAB will find them "Reliable", so that they may begin service there.

We are working hard to take the right steps to build a solid company for all of us. Personnel, routes, equipment and many other factors play a part in our success. One of the factors that we are evaluating at this time is major carrier alliances. There are a great many associations being formed within the airline industry at this time and we are studying the cause and effects of such an Allegheny-Commuter type relationship. As the largest regional carrier serving MSP, we are attractive to several major carriers as an interline partner.

Our industry is a dynamic one and the companies that thrive are the ones whose people can work together as we do. I like to think that the only thing constant about our industry is change and I believe that all of us like to be a part of something that is dynamic and growing. It will be the excellent performance that each and every one of us does and the way that we work together that will allow us to continue forward. Let's continue to build this company into the best regional airline around by growing safely, reliably and profitably.

Thank you for your efforts during the past month and all it's hot weather. I hope we have some relief soon for everyone's sake. Best wishes for a nice Labor Day.

Regards,



Robert D. Swenson  
President and Chief Executive Officer

P.S. Please find enclosed a copy of our Company's First Quarter Financial Report for your review.