

From the front office  
**Piedmont Aviation, Inc., and 1975**

To all airline division employees:

This year, 1975, has been a year of trial for the entire air transport industry, with high fuel costs, a recession, inflation and, unhappily, some furloughs in our work force. I am taking this method of letting each of you know, from myself and your senior officers, what the facts are concerning your Company's response to these challenges in order to provide the answers to the questions most frequently brought to us.

Last year, 1974, showed us we could handle unexpected workloads. They turned out to be happy loads. We had lots of traffic, and we made a good profit. There were times when it didn't look like it was going to be a good year. We had some inklings of the recession and a fuel embargo started in the Middle East. We couldn't predict how much fuel we were going to have from week to week. Nevertheless, our team pitched in and we had the most profitable year in the history of our Company. Unfortunately, 1974 ended with the beginning of the recession, as indicated by our traffic slump in October, November and December.

Our record for the past 28 years has shown our capability. We have constantly been among those airlines demonstrating the low-

est number of customer complaints to the Civil Aeronautics Board; we have shown steady growth over the years. We have consistently been among the leaders in passenger load factor and operating efficiency. All in all, we have a great team.

So far, 1975 represents one of the greatest challenges in the history of Piedmont. We are confronted by an unusual coincidence of events new to all industries in the United States. For example:

*We are having a recession, but at the same time we have inflation and a high cost of money borrowed. We are having high unemployment in the country, especially in our area. While the cost of most things has risen to new heights, our fuel cost is almost three times what it was in 1972. There is a current wave of regulatory reform movements in the federal government that leaves many people in the financial community, and in the aviation community at large, with a feeling of insecurity about what the future might hold. All of this is reflected in the market price of airline stocks and in the difficulty all industries are having in raising capital by selling stock, even if they have record earnings.*

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# **PIEDMONITOR**

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## Third quarter financial and traffic reports show improvement

The Company reported a profit of \$1,379,647, or 56¢ per share, for the third quarter of this year.

Passenger traffic during July, August and September was 6 per cent more than during the second quarter in spite of the fact that aircraft miles flown were down about 2½ per cent. While this growth is encouraging, profits are still considerably less than they were in the third quarter of 1974 when the Company earned \$3,125,120 or \$1.27 per share.

For the first nine months of 1975 Piedmont Aviation, Inc. reported a loss of \$993,342, or 40¢ per share as compared to a profit of \$6,916,675, or \$2.81 per share last year.

Gross revenues increased 9 per cent from \$41,405,449 in the third quarter of 1974 to \$45,112,829 for the same period this year. For

the nine months, gross revenues were up 4 per cent in 1975 to \$124,443,264 from \$119,986,593 last year.

Costs and expenses rose 17 per cent in the third quarter, from \$37,097,448 last year to \$43,279,459 this year. For the nine month period, costs and expenses were up 14 per cent, from \$110,691,117 in 1974 to \$125,745,960 this year.

The third quarter's improving traffic trend continued through October. For the second time this year the percentage of available seats sold was greater than in the same month a year earlier.

September marked the first time. Then during October, 1975 the passenger load factor was 53.05 per cent with boardings of 331,870. In

October of 1974 the load factor was 50 per cent on boardings of 332,941.

Revenue passenger miles flown during October of this year totalled 96,749,276, up 2.05 per cent from 94,808,169 in the same month a year ago.

For the ten months of 1975, revenue passenger miles were 875,668,109, down 5.91 per cent from the 930,654,181 miles flown during the comparable months last year.

The passenger load factor through October of this year was 49.05 per cent. For the same period last year it was 54.46 per cent.

Passenger boardings through October totalled 2,992,263, down 8.08 per cent from the 3,255,185 carried during the first ten months of 1974.

## Last FH-227 flight ends Fairchild era at Piedmont

When Flight 293 terminated at Greensboro on Oct. 25 Piedmont's Fairchild era came to an end. There was no fanfare to mark the conclusion of a 22 year chapter in Piedmont's history.

N709U was the last of the 227s to fly in scheduled service.

Captain H. C. Richardson, First Officer A. A. Dixon and Flight Attendant Elaine Faulkner were the crew members on that final flight.

Piedmont ordered its first Fairchilds, eight F-27s, in 1956. Ten years later they were traded in on the purchase of the FH-227s. The first 227 went into service in March, 1967. When the last

one was retired last month more than 5.6 million passengers had flown more than 62.5 million miles on Piedmont's Fairchilds.

The Company started retiring the Fairchilds, to streamline the fleet, in 1974. Last year two were sold to an Iranian carrier. Others were gradually removed from the schedule starting in August of 1974. By June of this year we were down to one. The seven planes are currently parked in Winston, waiting to be sold.

While the Fairchilds no longer fit Piedmont's equipment needs, the planes are still very much in use all over the world. The F-27/FH-227s are operated by about 140 airlines in more than 56 countries. A dozen F-27 versions are being offered today according to VFW-Fokker, the manufacturer. They say that, at present, two aircraft a month are being produced to meet the demand for the planes.

In light of considerable interest in this type of equipment, the outlook for the sale of Piedmont's seven FH-227s appears good. The Company's asking price for the planes is between \$500,000 and \$600,000 each.

If you know anyone who needs a good airplane or seven...



N709U was the last FH-227 used in scheduled service. The final flight was on October 25.