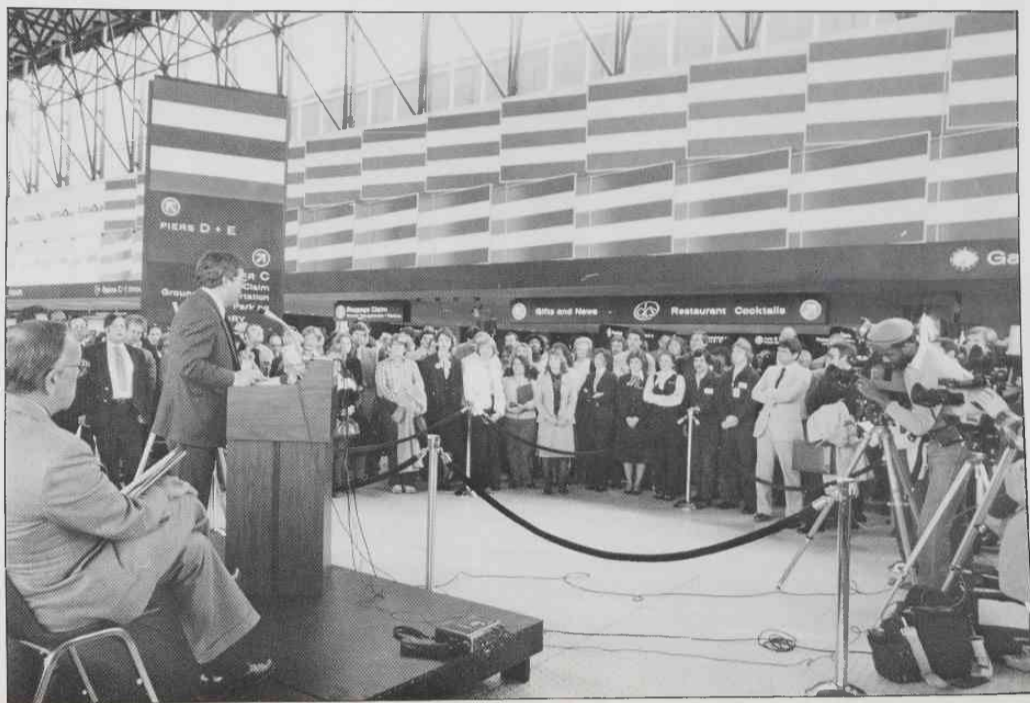


PIEDMONITOR

News about Piedmont. The Up-And-Coming Airline.



More than 150 observers and media members turned out for the announcement of Piedmont's new BWI "hub" held in the central lobby of the terminal. Seated at the podium (left) is Maryland DOT Secretary Lowell Bridwell. Piedmont BWI employees turned out in force (right center) to hear Staff V.P. Public Affairs Don McGuire announce PI's plans.

Earnings fall Despite '82's Revenue gains

Piedmont's 1982 earnings were gratifying compared to industry trends. At the same time, a close review of the figures indicates that 1983 represents a great challenge.

"Certainly the \$30.5 million net earnings probably look enviable to other airlines," President Bill Howard said. "But even if we put every other consideration aside, it is sobering to consider that our earnings declined despite the fact that we added 1,000 personnel, expanded our fleet, and our sales rose nearly \$100 million over 1981."

Indeed, Piedmont grew in virtually every respect except earnings. In addition to the absolute figures, Howard said we have to be concerned even more about a real decline in operating profit.

operating profit

"There are few items more important to me on our financial statement than our operating profit," Howard said. "We exist to make a profit on flying passengers from one place to another. And the cold truth is that our passengers paid us \$93 million more in 1982 than they did in 1981, but our profit from flying these passengers actually declined by \$33.3 million."

The actual decline was 58 percent, year over year.

"We were fortunate that the sale of tax credits, the sale of aircraft, and direct income tax credits offset most of the decline in operating profit. But our future really depends upon returning to a sound profit on the handling of our passengers," Howard said.

Piedmont actually lost \$3.9 million on transport operations during the fourth quarter, which, coupled with the first quarter loss of \$4.4 million, meant half the year's operations were in the red. In 1981, Piedmont reported a profit in all four quarters.

lower yields

"There are probably more things we can control in terms of profitability than we might think," Howard said.

He pointed out that a major factor in 1982's reduced earnings was the lower yields the airline experienced in its passenger fares. (Yield is the average cents per mile our passengers pay for flying on Piedmont.)

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Up pops BWI for next hub

Piedmont will establish a third major hub operation at Baltimore/Washington International Airport with new services beginning this summer. The announcement was made at a joint press conference with Maryland's Department of Transportation and BWI officials on January 26.

"BWI is a logical gateway for us," explains Dick James, staff vice president - corporate planning.

"It's strategically located at the northern perimeter of our heartland. No other jet carrier has a significant connecting hub operation in the Washington area, and we feel that our experience with our hubs at Charlotte and Dayton gives us a special expertise for the BWI expansion."

factors

During the last year, Piedmont has considered many other locations for the airline's third hub. Several factors influenced the decision to go with BWI, an airport Piedmont has served since 1962.

- BWI serves a market seven times the size of Charlotte's population yet has less than 100 domestic jet flights a day by major carriers compared with over 165 at Charlotte. Thus, there is an obvious need for additional service.
- Over four million people are within an hour's drive of BWI.

- In the last five years the Baltimore SMSA (Standard Metropolitan Statistical Area) has grown more than the Washington SMSA.
- During the first half of 1982, BWI enplaned more international traffic than any other area airport.

"Like most other cities courting Piedmont for service these days, BWI has recognized that cities too must compete for air carrier's service," says James.

support

"BWI's airport administration and the State of Maryland also have an aggressive record when it comes to support given to their airlines and their service."

For the past two years, the U.S. government has been negotiating for a BWI-Toronto route for which Piedmont has applied, and the airport administration has given their support to the proposed service.

"BWI-Toronto would fit like a glove into our hub operation," says James, "but Canada has cut off discussions for now because it doesn't want any more competition from U.S. carriers in the present economic climate."

"The last negotiations on a route with Canada took over five years, so with this history we can conclude these negotiations were extremely difficult, and therefore it will probably be a couple more years before the

current negotiations are completed," he says. "Even then, there is no guarantee that the BWI-Toronto route will be part of the final U.S./Canadian package."

Unlike domestic routes, international routes are still regulated, thus, even if the route is negotiated as part of the new U.S./Canadian bilateral, Piedmont would still have to compete for the route with other interested carriers in C.A.B. economic proceedings.

Piedmont presently employs 36 people at BWI, but by this summer, there will be over 100. Station manager at the facility is Wally Kerr, a 30-year veteran with Piedmont who has been at BWI since 1978.

facilities

BWI will build 12 new gates for Piedmont, and we will move into new customer service and operational facilities as they are completed.

Connecting cities as well as the number of departures from BWI will be announced 30 to 60 days before service begins. Much will depend on the availability of slots.

"We're optimistic we'll get the slots we need," says Bob McAlphin, staff vice president-scheduling.

"We've seen tremendous growth at

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