



THE PIEDMONITOR

Happy
New
Year!

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Third Quarter Report To Stockholders

Total revenues for the first nine months of the year were up 18% over the same period in 1967 to a record high of \$43,355,816. Total operating expenses and other costs, however, were up 19% to \$43,553,124. Our net profit was only \$76,642 as compared to \$1,225,390 last year. It must be recognized, however, that \$1,063,900 of last year's nine months profit resulted from a non-recurring gain on the sale of flight equipment whereas only \$34,525 was available from that source this year.

Revenues — Costs Up

Third quarter revenues were up 32% to \$16,105,857, while costs and operating expenses were up 27%. The net profit after tax credits and special items was \$152,902 this year as compared to \$433,074 during the third quarter of last year. Here again, however, we had a \$645,945 special item gain last year but only \$48,302 this year. Accordingly, net earnings without taking into account the gain on the sale of flight equipment were \$104,600 this year as compared to a loss of \$212,871 during the third quarter of last year — a substantial improvement.

Major Deterrents

The major deterrents to reasonable earnings have been inflationary cost increases and high interest and depreciation expenses resulting from our new equipment program. To add to the difficulty during the third quarter, we and most of the airlines operating in the east were subjected to extreme air traffic delays. This situation has been extremely costly to Piedmont in additional flying and maintenance expense, as well as interrupted trip expense paid to passengers and the loss of revenue resulting from missed connections and passengers who were forced to use other transportation services.

Passenger and cargo traffic has continued to increase at a very encouraging rate. Third quarter passenger miles were up 23% and cargo ton miles up 27% over the same period in 1967.

Hearing Held On Chicago Entry Case

The hearing on the Piedmont-Chicago Entry Case was held in Washington early in December.

Robert W. Kadlec, Director of Research, and William W. Burt, the Company's counsel for CAB affairs, represented Piedmont at the three day hearing.

The Company is proposing non-stop jet service from Norfolk, Richmond, Charleston and Huntington to O'Hare Airport in Chicago, as well as single-plane service from Newport News, Lynchburg, Roanoke, Tri-Cities, Greenville-Spartanburg and Asheville.

Predictions are that the new flights would lead to a \$600,000 cut in subsidy during the first year of operation.

The proposed service would serve 340,000 passengers in 1969, including 110,000 in markets now lacking single-plane service to Chicago.



THE FIRST SNOW of the season came early this year, especially to the Southern part of Piedmontland. Even before Thanksgiving Winston-Salem found itself covered by winter's initial white blanket. A local news photographer filtered the flakes through his camera's lens to record this view of the maintenance ramp.

General Aviation Division Announces Expansion Into Helicopter Operations; Available January 1st

Piedmont's General Aviation Division is expanding to include helicopter services.

Early in December the Company accepted delivery of a five-place Bell "JetRanger." Plans are to use it for charter and special assignment contract services.

A former Marine Lt. Col. James H. Rinehart has been named Manager—Helicopter Operations.

A native Texan, Rinehart completed 26 years of flying with the Marines before retiring this fall. He holds the Distinguished Flying Cross, five air medals, a Presidential Unit Citation, Navy Unit Commendation plus theater and campaign medals for World War II, Korea and Viet Nam. He is a graduate of the University of Maryland.

Rinehart and his wife, the former Evelyn Dyer of San Marcos, Texas,

have four daughters. They moved to Clemmons, N. C., outside of Winston-Salem, from Jacksonville, N. C.

The Bell 206A JetRanger is used primarily as a business and/or utility helicopter. The basic configuration includes a five place interior, night lights, dynamic flapping restraints, door locks and fire extinguishers. The basic configuration weight is 1425 pounds, with an F.A.A. normal gross weight of 3000 pounds.

The engine, an Allison 250-C18, has a take-off horsepower of 317. The average range under normal conditions is about 300 miles. Certification and registration of Piedmont's helicopter is expected to be completed by the latter part of December. It should be available for charter immediately thereafter.



JAMES H. RINEHART

Purchasing Promotes Holland and Johnson

Vice President — Purchasing W. W. Barber, has announced the promotion of two men in his department.

A. Henry Holland has been named Purchasing Agent and David C. Johnson has been promoted to Assistant Purchasing Agent.

Holland, who is a native of Winston-Salem, attended the University of North Carolina at Chapel Hill and served with the U. S. Navy prior to joining Piedmont in 1948. He worked as a clerk and a buyer before becoming Assistant Purchasing Agent in 1962.

Mrs. Holland is the former Ann Weatherman of Winston-Salem. They have one daughter and live at 1311 Berwick Road in the Twin City.

Johnson, who is from Elkin, North Carolina, attended Wake Forest University and was with the U. S. Army before he came to



HENRY HOLLAND



DAVID C. JOHNSON

Piedmont in 1957. Prior to this promotion he was a buyer for the Company.

Johnson is married to the former

Arlene Smith of Elkin. They have two children. The Johnsons live at 114 Granada Court in Winston-Salem.

Six Additional Boeing 737's Are Ordered

Piedmont has exercised its option for six more Boeing 737 jetliners, thereby doubling the Company's fleet of pure jet aircraft.

President Davis made the announcement just three months after the initial order of six Boeing 737's had been phased into scheduled operations.

The purchase price of the six additional jet transports, along with spare parts, ground support equipment, and personnel training, total over \$25 million.

The first of the new jets, the company's seventh 737, will be delivered in March, 1969, with the remaining five to follow in April, May, June, October and November next year. The planes will be phased into scheduled operation immediately upon delivery. A total of twelve Piedmont 737's should be in service for Piedmont passengers by late fall of 1969.

The six additional 737's will be the same as the initial jets except for advanced engine thrust reversers. Otherwise, the 737's will be similarly configured for 90 passengers, including a five-place lounge area, forward and rear airstairs and an auxiliary power unit for starting the aircraft engines, and providing electrical power, heating and air conditioning of the aircraft while in flight or on the ground.

Board Issues Show-Cause Order In TYS-SDF Case

The Civil Aeronautics Board has issued a show cause order indicating tentative approval of the extension of Piedmont's Segment 5 beyond the present terminal point Knoxville to London-Corbin and the new terminal point Louisville. Included in the authority would be non-stop authorization between Knoxville and Louisville.

Objections must be filed by January 8th.

As no objections were filed to the initial request for this authority it is hoped and anticipated that there will be none to this show cause order.

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President T. H. Davis has been elected to the Board of Directors of the Air Transport Association. Vice President—Finance T. W. Morton has been elected second vice president of the ATA's Airlines Finance and Accounting Conference.

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The student body of the Piedmont Aerospace Institute now stands at 126. There were 18 graduates for the exercises held November 11th. A new class of 20 started the next day.

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For the first time in Piedmont's history more than two million passengers have been carried in a single calendar year. The two millionth revenue passenger of 1968 was boarded on Wednesday, December 11th.