

# Third Quarter Report Reflects Airline Division Losses

Happiness is having General Aviation Divisions that make money.

Piedmont does and that is the most gratifying part of President Davis' recent financial report to the Company's stockholders.

The General Aviation Divisions showed a third quarter profit of \$39,028. For the first nine months of this year they posted a Sales and Service Income of \$6,646,159 for a nine months profit before taxes of \$162,157.

When the last quarterly statement was issued there were indications that the airline could expect continued profitable operations for the remainder of the year. At that time the airline had just completed a profitable second quarter and since the last six months of the year have usually proven to be the best traffic months, it appeared that Piedmont had "turned the corner." Sadly, there has been a decided softening in traffic, especially since August. At the same time the earnings problem has been compounded by continuing rampant cost increases.

Consolidated gross revenues for the airline were \$21,177,140 for the third quarter and \$61,678,430 for the nine month period this year. Increased costs and expenses resulted in a loss of \$696,535 after tax credits during the third quarter bringing the 1970 net consolidated loss through September to \$1,458,008.

The third quarter loss this year is considerably less than the \$1,357,169 loss suffered during the same period last year but these figures are rather meaningless because of the 30-day shutdown of the airline operations caused by the strike during July and August of last year.

Piedmont's recent experiences appear to be an almost universal trend throughout the airline industry. Though the Company is continuing to register some gains, traffic is not increasing at as rapid a rate as has been the case for the past several years. Some carriers have even encountered net decreases in total traffic volume on a year to year comparison

basis. This soft traffic situation appears to be the result of a combination of factors, including the somewhat depressed state of the national economy, the recent General Motors strike and the most unfortunate series of aircraft hijackings.

In his letter that is part of the quarterly report President Davis said "We and the industry could perhaps have weathered this storm, at least without severe losses, had it not been for the continuing rapid increases in costs. Ironically, even in the fact of substantial losses by almost all airlines, the labor unions are continuing to demand wage increases far in excess of any possible increase in productivity. As a matter of fact, they are simultaneously demanding a reduction in productivity. This irresponsible abuse of their overwhelming and unbridled power can have only three results: (1) layoffs creating even more unemployment; (2) fare increases fanning the fires of inflation and (3) reduced service . . . all to the detriment of the employees, the public, the companies and the national economy.

"Your Company is currently engaged in a major effort to see to it that we return to profitable operation as quickly as possible. Regrettably, a part of this effort will require reduction of service to some of the communities on our system and the commensurate dismissal of a number of our employees. As distasteful as it is, we recognize that this action is required in the long-range best interests of all concerned and that to do otherwise would soon create more hardship for an even greater number of people."



## PIEDMONITOR

VOL. XXI, NO. 11-12

*We've put regional service on a new plane*

NOVEMBER/DECEMBER, 1970

## New Senior VP Elected By Board

There is a new man upstairs. He already seems quite happy there and those who've met him seem to be glad he is here.

His name is Bartlett M. Shaw, III. The "M" stands for Murdock. His position with Piedmont, a newly created one, is Senior Vice President—Administration. He was elected by the Company's Board of Directors and will supervise the departments of Finance and Accounting, Personnel and Industrial Relations and Purchasing and Properties.

A native of Watertown, Massachusetts, Shaw comes to Piedmont with an impressive listing of credentials and experience. By no means a newcomer to the airline business — he was with SAS for 22 years — Shaw has held positions of responsibility in most every area of airline operations. With SAS he started as a weight and balance agent, was at one time a flight dispatcher and also served that company as Vice President—Personnel and Properties; Vice President Secretary-Treasurer; Vice President — Administration; and Vice President — Marketing and Sales.

In 1969 Shaw left to become vice president and general manager of Marriott International. When asked about leaving the airline industry and then coming back to it he said, "Once you leave it, you miss it. Airline people are definitely unique."

Shaw, who says he is "basically an optimist, tempered with degrees of reality," was also questioned as to why he wanted to come back into the airline business in these days of gloom and doom. His comments were very encouraging as he expressed confidence that the airlines will weather these hard times. He said "Airlines are a fact and a way of life, they will continue in the future to grow and be healthy. People are the industry and we all must put forth every effort and do everything possible to survive and remain an outstanding example of our country's free enterprise system."

Of his first impressions of Piedmont, Shaw said "There is a close structural similarity to SAS. A pleasant atmosphere is immediately obvious. Departments are for identification only, mainly the people work for the Company." He continued by saying that with SAS he has raised in this type of atmosphere and that it cannot be found with the larger carriers where there is so much competition among people and departments.



Bartlett M. Shaw  
Senior Vice President—Administration

Not only has Shaw spent exactly half of his life — he is 44 — with the airlines, it is sort of a family affair with him as well. His wife used to work for American and his brother is Air India's Cargo Sales Manager. His father was a management consultant, though not with the airlines.

The Shaws have four children. Their oldest son Robert has just finished a tour of duty with the U. S. Marines in Viet Nam and is now back in school at Bentley College in Boston. The oldest daughter Kathy is also in school, at LaSalle Junior College where her main interest is in working with retarded children. She is thinking about transferring to a college nearer Winston-Salem when the family moves here next summer. Their two other daughters, Debbie and Peggy, are in school near their home on Oyster Bay, Long Island.

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## New Records Are Set By Holiday Travelers

Piedmont is back in the record breaking business and it is great to be there!

A new all time high of daily passenger boardings was set November 25th, the day before Thanksgiving when a total of 11,191 passengers flew the routes of the Pacemakers. The previous record of 10,725 was set on January 4, 1970.

Happily enough, the new record didn't last long, only until the end of the Thanksgiving week-end. The Company had the very best day in its history when a total of 11,398 passengers were boarded on Sunday November 29th. This new record represents a 6.28 percent increase over the January figure.

Through November of this year Piedmont has carried nearly two and a half million passengers and has already reached a new annual high of more than the 2,226,037 passengers boarded last year.

This marks the third year that Piedmont has carried more than two million passengers and it follows by only six years the first year that the Company boarded one million passengers. That was in 1964 when the total for the year was 1,073,054.

### PI Employee Stock Purchase Progress

To help you keep up with the amount you pay for Piedmont stock every month if you're buying it through payroll deduction the Piedmonitor publishes this periodic report of the number of shares purchased, average price per share and total investment in the previous month.

#### FOR OCTOBER

Amount Invested	\$5,598.00
Number of Full Shares Purchased	933
Average Price Paid Per Share	\$ 6.00

#### FOR NOVEMBER

Amount Invested	\$5,593.38
Number of Full Shares Purchased	1,107
Average Price Paid Per Share	\$ 5.05