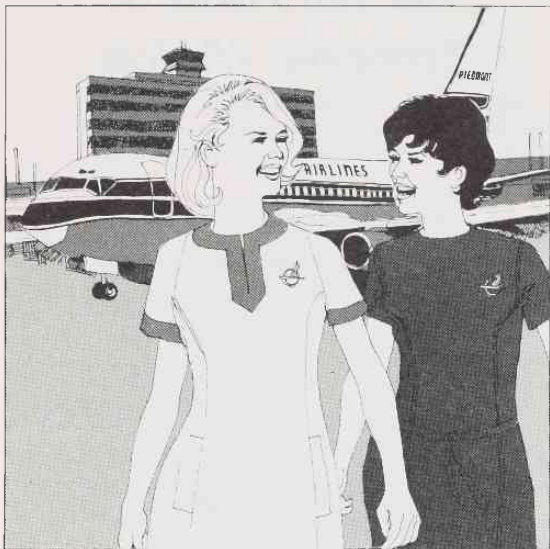


Look where we're going

This is the basis of Piedmont's new advertising campaign. The slogan is being directed not only to our passengers but also to us, the employees.

And we'll do well to take more than a passing glance at where we're going. Piedmont is providing an increasingly vital service to the communities we serve. But we must realize



that our success depends totally on continuing high quality service. The very best ad campaign can only get people to try flying with us; it can't make us something we're not.

By now you've begun to see some of Piedmont's new look in advertising. The redesigned schedule came out with the last change. Your local newspapers have been featuring the "Look where we're going" ads set in strikingly different type. Some of the line drawing art work used in the ads is shown here.

Vice President — Sales W. G. McGee, who announced the new campaign, said "While our system is strongly geared for the important business traveller, we also offer the pleasure traveller a wide variety of holiday opportunities. This new program gives us a memorable platform to dramatize these opportunities."

McGee also pointed out that our new computerized reservations system will make the whole process of booking direct and connecting service on Piedmont easier and more efficient than ever before. He said "This is another good reason to ask our passengers, potential passengers and others with whom we do business to look where we're going."

The program is utilizing 100, 400, 600 and 800-line newspaper advertisements in most local markets, with spot radio support in many. Sheet posters and painted bulletins in selected markets will also feature the new theme, McGee explained.



In addition, the new ads will be placed in Southern Living Magazine and the New York metropolitan editions of Time and Newsweek, as well as specialized business publications targeted to industries of major importance in the Piedmont area.

Leading publications serving the travel agent and air travel markets as well as college and military publications will also feature the new campaign.

McGee said the program is being merchandised in every possible way among Piedmont's employees, with everything from "Look Where We're Going" lapel buttons, mailing stickers and bumper stickers to coffee cup coasters and counter card displays.

We'd better "Look Where We're Going" because everyone else will be and our ads are very much a part of what each of us is in the eyes of our passengers.



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Questions Follow Wage-Price Freeze

President's Nixon's sweeping new economic policies announced in mid-August have been hailed by business leaders, politicians and economists as a necessary move that will, in time, prove beneficial for this country.

Most industries, and aviation perhaps more than any other, realized that something had to be done. But of immediate interest to most individuals is the question "What does the freeze mean to me?"

Piedmont has been advised by government officials that the freeze on prices and wages will, in effect, suspend payroll increases of any nature for ninety days.

Getting down to brass tacks this means that all salary increases that had not been implemented, in other words actually paid, by August 15 will be delayed. Some raises that had been planned or in some cases already requested will be delayed. The Company has no alternative. The penalty for failure to comply is \$5,000 for each infraction.

As taxpayers we will also be effected. If congress agrees to it, less money will be deducted from your paycheck beginning January 1. The reason for this is a proposed increase in the exemption each taxpayer may claim for himself and each dependent from \$650 to \$750. There will also be an increase in the amount of the

standard deduction allowed taxpayers who do not itemize their expenses on their tax returns.

As consumers, we will notice the effect in stabilized prices on most goods during the next 90 days. If congress agrees, the excise tax on new car purchases will be dropped effective August 15, resulting in an average price reduction of \$200. On the other hand, foreign cars and many other imported goods will likely cost more because of a new 10 percent duty.

If you are a tenant, your landlord may not raise the rent before November 12, even if he had previously scheduled an increase to take place during that time.

Immediately following the Presidential order the Civil Aeronautics Board ordered the rejection or withdrawal of tariffs on file carrying higher rates than the highest rates in effect during the 30 day period ending August 14.

The CAB's order pertains to increases, proposed or in effect, in air rates, fares or charges, and to tariff cancellations resulting in an increase over the highest charges in effect during the 30 days prior to President's Nixon's order.

Piedmont is continuing to study all the aspects of the freeze and its effect on the Company. If there are changes in this current interpretation or understanding of the situations all employees will be promptly advised.



Charles C. Vogler, line crewman at Central Piedmont Aero, was recently award a Certificate of Commendation by the Winston-Salem Chamber of Commerce. The award for meritorious service and hospitality to visitors to the area also included a \$25 Savings Bond. It was presented by John G. Rafferty of the Chamber.

Second Quarter Is Back to Black Ink

The Company has reported its first quarterly profit since the second quarter of last year.

During the second quarter of 1971 Piedmont posted a profit of \$729,903 or the equivalent to 33.3 cents per share. This is more than double the figures for the corresponding period in 1970 when profits were \$265,227 or 12.1 cents per share.

However, this year's second quarter profit was not enough to offset a first quarter loss, which resulted in a loss for the first six months of \$1,187,158. This compares to a loss of \$767,555 for the same period in 1970. The 1970 loss was reduced \$793,317 for a refund of income taxes. No such credit is available this year.

Total gross revenues during 1971 were \$24,882,802 for the second quarter and \$47,026,587 for the six months as compared to \$22,463,674 and \$41,579,850 for the same periods in 1970. The rates of increase were 11% and 13% for the respective periods. A portion of this increase is attributable to a 2.3% increase in the number of passengers flown in scheduled service this year over last year, however, a major factor was an increase in passenger fares effective on May 7, 1971, and an increase in public service revenues. These figures include the operations of Greensboro-High Point Air Service, Inc. which was acquired by the Company in March.

In his report to the stockholders President Davis said:

"In spite of the unfavorable traffic-growth conditions experienced by the entire airline industry, we have maintained a relatively satisfactory rate of growth over our most productive routes which are not subsidized. On the other hand, traffic over the weaker subsidized routes which serve the smaller cities has gradually declined. For the month of June, 1971, for example, we had a 14% increase in passenger

(Continued on Page Two)