



If N56V is the only airplane to perpetually wear Piedmont's colors, it will be worthy of the honor. Our Potomac Pace-maker DC-3 is currently outshining, if not overshadowing, the Redstone rocket display, in background, at the Museum of Life and Science in Durham, North Carolina. With the exterior paint now restored, only interior finishing touches are needed for completion of the project this fall.



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Our financial picture looks good

The summary of the Company's financial results for the second quarter and first half of 1979 included some astounding percentage increase figures. Net income in the second quarter was up 281.8 per cent. For the first half of the year, net income rose 201.9 per cent over the same period last year. The actual numbers are easier to understand and are equally exciting.

Piedmont Aviation, Inc. reported second-

quarter earnings of \$8,950,000, or \$2.90 per share. This compares with second-quarter 1978 earnings of \$2,344,000, or 87 cents per share.

Gross revenues rose 44 per cent from \$66.1 million in the second quarter of last year to \$95.2 million this year. Costs and expenses were \$81.8 million for the April-through-June period this year, up 31.8 per cent from \$62.1 million in the comparable period of 1978.

During the first half of 1979, the Company had net income of \$5,368,000, as compared to \$1,778,000 in the same period last year.

The Company's gross revenues for the first half of this year were up 28 per cent to \$160.4 million from \$125 million during the same months of 1978.

Costs and expenses rose 24.5 per cent for the January-through-June period this year to \$152 million. For the same period of 1978, costs and expenses totalled \$122 million.

The Airline Division earned \$11,544,554 before taxes for the second quarter of 1979. The General Aviation Group and other operations had pre-tax earnings of \$1,824,153 in the April-through-June period. For the same period of 1978, the Airline Division posted a pre-tax profit of \$3,486,186. Other operations earned \$555,895 before taxes.

In announcing the record results, Senior Vice President T. W. Morton said, "We attribute the vast improvement in our earnings primarily to a 47 per cent increase in passenger miles flown. A strike by a major airline during April and May and the automotive gasoline problems obviously contributed to this growth. However, service over several new routes and increased flights have brought about most of the growth. It now appears that 1979 will be the most successful year in our history."

The July traffic results indicate a continuation of the strong growth trends seen during the first half of this year. Available seat miles for the month showed a 28.03 per cent increase, to 290,111,336 this year from 226,588,464 in July, 1978.

Revenue passenger miles were up a whopping 36.98 per cent in July, from 134,885,281 last year to 184,768,045 this year.

The passenger load factor was 63.69 per cent for July this year as compared to 59.53 per cent in the same month of 1978.

Passenger boardings rose 22.69 per cent, to 521,194 for July, 1979 from 424,820 in the comparable month last year.

Equipment update

With the July announcement by the Company's Board of Directors of an order for two more Boeing 737s to be delivered this year, Piedmont's fleet list started changing again. For the next several months, you should check the date on any list of the Company's airplanes. The list will probably change from the time it's compiled to the time it's circulated.

Here is a prediction, if not a promise, of the makeup of Piedmont's fleet for the remainder of 1979. As of mid-August, the Company had received two of its six 737s due this year, for a current total of 26 737s. By December 31, 1979, there will be 30 737s in our fleet. One will be delivered in each of the last four months of the year. The number of 727s is six and is not expected to change before year's end. On August 15, 1979, we will deliver YS-11 aircraft 268 to Pinehurst, meaning that until September

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Dividend declared

The Company's Board of Directors declared a cash dividend of six cents per share on the common stock of Piedmont Aviation, Inc. at their regular quarterly meeting in July.

Payable August 31, 1979 to stockholders of record on August 14, 1979, this is the eighth consecutive quarterly dividend paid by the Company. Historically, it is Piedmont's 23rd cash dividend.

Since 1964, when Piedmont's directors declared the first cash dividend on the Company's common stock, more than \$4 million has been paid to shareholders in cash dividends. From 1964 through June, 1979, checks totaling \$4,106,751 have been sent to Piedmont stockholders.

In addition to these cash dividends, there have been four 10 per cent stock dividends: in 1961, 1963, 1969 and 1973.

A recent profile of Piedmont's stockholders shows the Company's owners live in each of the United States except Idaho and Utah and in several foreign countries. At the end of June, 1979, there were 7,302 stockholders and a total of 3,010,440 shares outstanding. This includes

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October schedules expanded overnight

Piedmont responded in record time to an announcement by United Air Lines that they would withdraw all flights from Atlanta on October 28 this year.

It was the morning of July 18 when we received word of United's plans. An immediate marathon meeting of senior management, scheduling and marketing personnel produced new Piedmont schedules to replace and improve much of United's service between Atlanta and points of Piedmont's system.

Early the following morning, July 19, President T. H. Davis was in Washington for a joint press conference with West Virginia's Senator Robert C. Byrd. They released Piedmont's newly-finalized schedules to substantially increase the Company's West Virginia service when United suspends on October 28, 1979.

On that date, Piedmont will add three non-

stop, round-trip flights and one one-stop, round-trip flight between Charleston, West Virginia and Atlanta to replace the two round trips United is cancelling.

For New York service, Piedmont will institute a daily, round-trip, nonstop flight between Charleston, West Virginia and New York's Newark International Airport, replacing United's one-stop flight to New York.

A daily nonstop, round-trip flight between Chicago and Charleston, West Virginia will also be added on October 28.

In making the announcement from the Washington offices of Senator Robert C. Byrd, Davis said, "Piedmont has a vital interest in Charleston's air transportation. We are delighted to be able to add these new flights and believe the community will support our efforts to meet its air service needs."

There was more news to come.

On Monday morning, July 23, Senior Vice President W. R. Howard held a press conference in Norfolk, Virginia. He announced that, "Effective October 1, 1979, Piedmont will provide seven nonstop, round-trip flights between Norfolk and New York. We will also double the number of flights between Norfolk and Atlanta to four nonstop, round trips. In addition, we're adding new nonstop, round-trip service between Norfolk and Charleston, South Carolina on October 1."

Howard said, "United Air Lines' decision to discontinue its flights to Atlanta increased Piedmont's determination to further improve air service for the Norfolk area."

All of the new October flights will be operated with our Boeing jet equipment.