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been able to make with the cooperation of our stockholders and all our employees."

He pointed out that 1980 was the best year in Piedmont's history by every measurement.

"At a time when the airline industry generally was reducing employment, Piedmont was substantially increasing its employment to the point we now have almost 6,000 total employees."

He also told stockholders that:

- The value of their holdings had increased substantially.
- Piedmont had a 100 percent safety of operations record for the year.
- Piedmont has begun 1981 with a profitable first quarter, one of the few in the Company's history.

Stockholders were cautioned that the Company must be mindful of substantial fuel, personnel and interest cost increases that will force further fare increases, and pressures from new airlines coming into existence with lower costs and providing cut-rate competition.

Howard told stockholders that Piedmont's airline division enjoyed a 22.3 percent growth in actual revenue passenger miles during a year when the industry saw a net decline in traffic. He attributed Piedmont's growth in 1980 to:

- The establishment of a strong complex at Charlotte where Piedmont feeds traffic to its own flights, rather than taking the passengers to larger hubs to feed trunk carriers, as regional airlines did in the past.
- Piedmont's new services which generally represent the best service available to the traveler in markets we entered.
- An on-time performance which led the entire industry in com-

Above: Stockholders attentively listen to Davis' report. At right: A bird's eye view of the meeting was taken from the inside of the 737.

pletion of flights with 15 minutes of schedule.

- A dedicated and inspired group of employees that are providing a very high standard of airline service.

In expanding upon his remarks concerning quality of service and on-time performance, Howard explained that an on-time airline represents outstanding performance by every department.

He said Piedmont was running a very fine airline in terms of maintenance. "Those airplanes are ready to go in the morning and they stay operational the bulk of the day."

"Service people see that they are loaded and unloaded and that the passengers are boarded on time, ticketed on time."

Piedmont's compliments from passengers increased 40 percent, while complaints increased just 3.6 percent, he reported.

H. K. Saunders, senior vice president-operations, told the stockholders that by the end of 1983, Piedmont would be operating a fleet of 62 Boeing 737 aircraft, the largest such fleet of any airline in the world.

"Piedmont will complete by midyear the interior refurbishing and modification program of its 737 fleet begun in 1979," he said.

R. S. Northington, senior vice president and president of the General Aviation Group, contrasted the Taylor E-2 with the more modern general aviation aircraft on display.

"The Beechcraft King Air is the largest selling turbo-prop aircraft in the world. It has been a real winner for us," he said.

For the General Aviation Group, 1980 was also the most outstand-



ing year in Piedmont's history. In addition to aircraft sales, Northington pointed out that parts and accessory sales, fuel sales, maintenance services, and engine and propeller overhaul are all very integral to the general aviation field.

"In 1980, sales were up 17 percent to \$66 million," Northington said. "Net income was up 22 percent to \$2.75 million."

Sales of smaller, private, pleasure-type aircraft were down, largely because of higher interest rates. However, this was offset by increased sales of larger corporate and business-type aircraft.

Ernst & Whinney was designated by the stockholders to serve as independent auditor for the Company.

Directors reelected by the stockholders were:

G. Gordon Brown; E. L. Davis, Jr.; T. H. Davis; Rawson Haverty; Lawrence Lewis, Jr.; T. W. Morton; R. S. Northington; E. M. O'Herron; H. K. Saunders; John F. Watlington, Jr.; Maurice H. Winger, Jr.; and C. W. Womble.

5-months traffic Going up, Up, UP

For the first five months of 1981, Piedmont Airlines carried more traffic than any full year prior to 1977.

A strong May performance with more passengers boarded than any prior month in Piedmont's history lifted total revenue passenger miles for 1981 to 1.2 billion. For the full year 1976, Piedmont recorded 1.07 billion revenue passenger miles.

Performance was strong across the board. In the month of May, Piedmont offered a record 467.8 million available seat miles (up 19.7 percent over 1980) and flew 276.2 million revenue passenger miles (up 35.2 percent). Passenger boardings were 636,007, the most of any month in Piedmont's history. Passenger load factor rose to 59.05 percent, up 6.8 points from the 52.27 percent for May a year earlier. This was the highest May load factor for Piedmont since 1979 when a major trunk airline was grounded.

Performance figures for the first five months continued strong.

Passenger boardings reached 2,723,566, up 24 percent from 1980. RPM's of 1.2 billion grew 37.2 percent through the month of May, and capacity (ASM's) rose 19.3 percent.

Passenger load factor for the five months rose 7.3 points to 55.7 percent, up from 48.4 percent in 1980.

Piedmont has now recorded 53 consecutive months of year-over-year traffic improvement.



We've just begun 1981 — at a profit

In the first quarter of 1981, Piedmont Aviation, Inc., reported record earnings of more than \$1 million — one of the very few years in which the Company has made a profit in the first three months.

Piedmont's earnings totaled \$1,444,000, or 22 cents per share, during the first quarter. For the same period in 1980, the Company had a loss of \$5,115,000, or \$1.09 per share.

"Dedicated performance by our employees made these record earnings possible," President Bill Howard said.

"We also can credit Piedmont's expanded fleet of more efficient aircraft and the gradual shift in Piedmont's scheduling which has provided the Company a significantly longer average passenger haul."

For the first quarter, gross revenues were \$130.7 million, up 33.9 percent over the previous year. Costs and expenses rose 23.4 percent from \$104.3 million in 1980 to \$128.7 million this year.

