

There has been no more eventful year in the proud history of Piedmont than 1981. As we have accumulated records in building this fine company, we always knew that they were being made to be broken. But I doubt if the most optimistic among us would have guessed so many would fall in a single year.

We have carried more passengers more miles for more revenue, and at a greater profit, than ever before. There are more people in the Piedmont family than ever before, and most of you were selected from among many applicants. You have stood the test of Piedmont's great challenges.

At a time when many airlines and general aviation companies are retrenching and facing a future of doubt, all of us at Piedmont can look to 1982 with confidence, and hope. Those hopes will come true if each of us remains dedicated to working harder and smarter than our competitors. Make no mistake about it, many of those competitors will be working for the very survival of their livelihoods in the year ahead. They will have great motivation.

But they will not have the 41 years of pride and on-going success we have built at Piedmont.

On behalf of your Board of Directors, your officers, and your stockholders, I wish you the happiest of holidays!



PI and NW agree on stock purchase

Norfolk and Western Railway will become the largest holder of Piedmont stock when the company purchases 1.2 million additional shares from Piedmont as a result of the agreement announced on December 11.

The stock will be issued directly to NW by Piedmont at a price of \$32.00 per share. When added to earlier market purchases totaling 650,000 shares, the acquisition brings NW's ownership to approximately 20.1 percent of Piedmont's outstanding shares. At the time the agreement was reached the stock was selling at approximately \$28.00 per share on the open market.

"We are very pleased with the agreement we have made with NW," said Chairman T.H. Davis.

"This investment by a company of the stature and integrity of NW is a compliment to Piedmont and its management and employees."

The agreement provides that NW will not acquire any additional stock for a period of at least 5 years, at which time NW will have the same rights to buy Piedmont stock as any other prospective purchaser. Additionally, Piedmont will have representation on NW's Board of Directors and NW will have representation on Piedmont's board.

"Selling our stock in this manner eliminates the immediate necessity of the public sale of securities at current high interest rates and substantial underwriting costs," Davis said.

"It provides us with \$38 million interest free which will be used to finance aircraft scheduled for delivery during the next two years as well as other major capital expenditures."

Our stockholders number about 8,000. Piedmont's officers and directors as a group are the second

largest shareholder with 7.5 percent of the stock.

"NW is one of the most successful and highly-regarded railroads in the world," Davis said.

"They have exceptional management. We have for years enjoyed a very close working relationship with them, having supplied corporate aircraft services since they first began operating their own aircraft. In addition, of course, we get a

very substantial amount of airline business from them. We believe this agreement will result in very substantial benefits to our company, our employees, and our stockholders."

Davis added that there would be no changes of any kind in corporate policies or personnel complement due to the stock sale.



Our challenge: to set pace in industry productivity

So far, 1981 has been the best year in Piedmont's history. In virtually every category, the airline has set new records. Where is Piedmont heading in 1982? What are the airline's major challenges? In the following interview, President Bill Howard takes a look at Piedmont's rapid growth this year and reflects on what challenges are ahead in 1982.

Q. What do you view as Piedmont's primary challenges in 1982?

A. First, what Piedmont has been doing has worked. We certainly don't

want to stray far from the formulas that have been making us the industry's most successful airline. At the same time, we are changing; the environment around us is changing. We must be flexible enough to accommodate those changes. Many major airlines are thoroughly re-vamping their approach to business. They are going to all-coach configurations. They are placing a great emphasis on employee productivity. In sum, what they are doing now is largely what Piedmont has

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