

Howard chosen best CEO By national publication

The Wall Street Transcript, a weekly newspaper on business and finance, has named Bill Howard, Piedmont's president and chief executive officer, as the gold award winner in the regional airline industry.*

Howard has been chosen as the best chief executive of a regional airline because "the CEO has successfully executed an ambitious expansion program, a program which has established Piedmont as a dominant force in this industry. An extensive route network, an effective fleet, excellent labor relations, impeccable service and an enviable cost structure reflect management's comprehensive strategic approach and operating expertise.

"To date, Piedmont's record of performance has been outstanding as one of the most profitable in the group. As to the company's future prospects, the integration of Empire Airlines, a marketing alliance with TWA, and the development of the intraFlorida route system have positioned this carrier as a flexible, and tough competitor."

In the publication's in-depth roundtable discussion of regional airlines by leading analysts, Piedmont received very favorable comments, among them the following:

"I would cite Piedmont as having an excellent management team. I think they've done an excellent job with their route structure . . . They've also done a good job with their balance sheet." Betsy Snyder, vice president at Merrill Lynch Capital Markets, said.

In regard to our future, John Pincavage, first vice president at Paine-Webber Inc., said: "I think Piedmont will continue to do what they've done well. They feel they have a formula for success. It's the same management in place. They're not flamboyant, they won't go out and throw 80-yard touchdown passes. They'll go out with a balanced offense and do what they set out to do. They'll go with their game plan. . . In the case of People Express, they're down to Third Down and long, and they're trying to throw an 80-yard bomb."

Lida Greenberg, a vice president at Lehman Management Company, sees our outlook as very positive. "They're conservative, and yet they seem to be doing the right thing strategically. . . I think the management team is evaluating everything that's out there in terms of acquisitions and alliances, and they will continue to weigh the opportunities. In the meantime, they have a proven success formula which they will continue to follow."

Another Wall Street analyst remarked: "The East coast is becoming very competitive which certainly is a threat and it will continue to be so. However, this company (Piedmont) has managed to get around that,

to some extent, through their February acquisition of Empire Air which is an upstate New York carrier, and that will feed them the rest of their system. Another unique strategy they have applied is to set up an intraFlorida shuttle operation, and that should help them significantly. . . They are geared toward the business traveler, not the pleasure traveler . . . Plus, they operate with smaller aircraft. It has been a very successful strategy."

And finally, one analyst said: "Their management is smart. . . They have blanketed the whole East coast of the country unlike any other airline. They can pick travelers almost anywhere in the East and bring them almost anywhere in the Southeast. Everybody else is putting together half-hubs and the like. They bought the right equipment at the right price. Basically, they have done everything right."

* Piedmont is categorized by the investment community as a large regional carrier.

Henson to buy PI commuter

Henson Aviation, Inc.—The Piedmont Regional Airline—and Jetstream International Airlines, Inc.—a Piedmont Commuter Airline—have entered into an agreement whereby Jetstream will become a wholly owned subsidiary of Henson. The agreement is subject to the approval of Jetstream stockholders.

Henson, headquartered in Salisbury, MD, has been a Piedmont subsidiary since 1983. The airline operates a fleet of 29 aircraft serving 42 cities in 11 states and the District of Columbia.

Jetstream is headquartered in Erie, PA, and became part of the Piedmont Commuter system in 1985. The airline operates a fleet of six Jetstream 31 aircraft which provide service to nine cities in six states.

At a press conference held July 7 to announce the agreement, Dick Henson, founder, president, and chief executive officer of Henson, said that Cal Humphrey and Al Schroeck will continue to serve as president and chief financial officer, respectively, at Jetstream following the acquisition.

Jetstream will continue to operate as a Piedmont Commuter, and will expand flights into Dayton where Jetstream will become Piedmont's major commuter partner at our air service hub there.

Officials of the two companies expect the transaction to be complete by August 1.

around
Piedmont

On September 1, our fleet will include 16 737-300s, 63 737-200s, 24 F28-4000s, 20 F28-1000s, and 34 727-200s for a total of 157 aircraft. We will provide service to 87 airports (111 cities) in 27 states, the District of Columbia, and two Canadian cities. In September, we will take delivery of the last F28-4000 aircraft on order, giving us a total of 25. Two more 737-300s are scheduled for delivery this year, one in September and another in November.

Our ticket counter is being relocated at DEN which will put out ticketing facilities closer to our concourse and baggage claim facilities. This renovation project is set for completion by next spring.

The new terminal and concourse addition at FAY will be completed by late November. We will have two gates and loading bridges—the first loading bridges at this airport—and improved ticketing facilities. A new terminal is also underway at PBI, with tentative completion set for July 1, 1988. GRR's new terminal/concourse addition and the concourse expansion at RDU are scheduled for completion in August.

Plans for a new terminal building are underway at DAY. The new facility will increase service and accessibility when completed in 1989. The plans include an enlarged ticketing area, more room for baggage claim and baggage support, an improved roadway system, expansion of three gates on Concourse B, and modification of the concession area.

Joe Wilson, assistant vice president-benefits administration, INT, has been elected president of the Forsyth Medicine/Business Coalition, Inc. The coalition has been formed in Forsyth County to seek to maximize the value of health care expenditures without reducing the quality of care through the joint efforts of businesses, physicians, hospitals, and the community.

Captain Bob Diffie, ROA, has received a TOPS (Total Outstanding Passenger Service) Award for a letter he wrote recently to a passenger.

Diffie was deadheading on a flight recently when he overheard some passengers complaining about how Piedmont handled a seat assignment problem. Diffie introduced himself to the passengers and apologized for the difficulty. He then promised to investigate the problem and get back in touch with them.

Diffie researched the problem and wrote a letter to one of the passengers apologizing for the incident and explaining exactly what had happened. The passenger was so impressed with Diffie's concern that he wrote the following:

"You were very kind to have taken the time to investigate this incident and convey your explanation to me in such a fine letter. Your care and concern for me and my party are evident. Piedmont will continue to be thought of by me as the quality company it is. I am also very pleased that you took my comments to you in the vein that you did. You are a credit to your company and to the entire airline industry in a time when very few seem to really care."

Our stock (PIE on the New York Stock Exchange) closed June 30 at 39 3/4. The high for the month—41 1/8—was reached on June 6. On June 28, 1985, the last trading day of the month, the stock closed at 33 1/4.

Renovation has begun on Piedmont's Utica Reservations Center. The building, constructed in 1957, is getting a new heating and air conditioning system, a new exterior, more security, a new roof, and landscaping. Work is scheduled for completion later this year.

traffic

	June		First Six Months	
passengers*	2,017,302	+ 16.7%	10,684,059	+ 22.7%
revenue passenger miles*	915.9 million	+ 15.3%	4.9 billion	+ 22.9%
available seat miles	1.5 billion	+ 21.9%	8.3 billion	+ 21.9%
load factor*	62.12%	- 3.59 pts.	58.22%	+ 0.50 pts.

* passenger record for the month of June, all-time record month for RPMs, and the highest load factor in 1986

Fourteen stations set new boarding records in June—CAK, BGM, BTV, DAY, EVV, TYS, ISP, LAX, MSP, YUL, JFK, YOW, SFO, and STL.

cargo

	June		First Six Months	
U.S. Mail	1.5 million	- 6.4%	10.2 million	+ 11.6%
Air Freight	1.7 million	+ 0.7%	10.4 million	+ 2.3%
Air Express	42,922	- 13.0%	303,853	- 13.1%
TOTAL	3.2 million	- 7.0%	20.9 million	- 6.0%