

# around the industry

Airline industry records last year in passengers, safety, and low fares are among the highlights in the annual report of the Air Transport Association released in June. The report, *Air Transport 1987*, noted that 418 million passengers moved last year on 6.4 million flights. The U.S. scheduled airlines carried more passengers on more flights without a passenger fatality than at any other time in history.

Last year operating revenue reached a record \$50.5 billion, operating profit amounted to \$1.3 billion, and net loss totaled \$235 million. The passenger yield—the average amount paid per mile by passengers—declined, evidence of the continued spread of discount fares. Yield in 1986 was 10.8 cents, down eight percent from 11.7 cents in 1985. The report noted that 90 percent of revenue passenger miles were on discount fares, and the average discount was 61 percent off the full fare.

Other highlights included:

- The airlines in 1986 accounted for 92 percent of U.S. travel via public transportation.
- The busiest airport in the country last year was ORD, which handled 54.8 million passengers, followed by ATL, LAX, DFW, DEN, EWR, SFO, JFK, LGA, MIA, BOS, STL, HNL (Honolulu), DTW, MSP, PIT, DCA, IAH, PHX (Phoenix), and PHL. (Piedmont serves all but two of these top 20 airports.)
- Airlines carried nine billion cargo ton miles and the busiest cargo airport continued to be JFK.
- Airline industry employment increased in 1986 to 422,000, including 37,000 pilots, 68,000 flight attendants, and about 48,000 mechanics.

Piedmont ranked fifth among U.S. carriers in terms of passengers boarded, 12th in RPMs, 17th in freight and express ton miles, and 11th in total operating revenues for 1986. USAir was sixth in passengers boarded, ninth in RPMs, 21st in freight and express ton miles, and 10th in total operating revenues.

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Ansett Airlines has received an option from America West to acquire up to 20 percent of the Phoenix-based carrier's stock, making the Australian carrier the largest single stockholder in the U.S. carrier. Ansett will be the first major foreign stockholder in a U.S. national carrier when it exercises the option, planned for this summer. Ansett will purchase about three million newly issued shares of common stock at \$10.50 per share, or around \$31.5 million. The airline has also agreed to a "standstill," whereby it will not increase its position beyond 20 percent unless permitted by America West.

British Caledonian and Singapore Airlines are major participants in America West's new frequent flyer program, FlightFUND. Other participants include Cunard Lines; Doubletree, Compri and Marriott hotels and resorts; and Dollar Rent A Car. America West estimates that FlightFUND has 250,000 members.

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Southwest, one of the few remaining independent carriers not to have a frequent flyer program, has announced that it will offer a program called "The Company Club" for its frequent flyers. The program is segment-based and focuses on the short-haul business traveler. The program is based on awards per 12-month period so that passengers must earn enough segments for free travel within a year or their segments will be withdrawn on a rolling basis.

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USAir has added Finnair and Lufthansa to its frequent flyer program, the airline's first international airline partners.

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During the first four months of 1987, approximately 91 percent of domestic passengers used discount fares, reduced by an average of 61 percent, according to an analyst for First Boston. In 1986, 90 percent of all passengers flew on discounts averaging 61 percent.

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AirCal formally became part of American on July 1 when the two carriers merged. American, with 379 aircraft, now operates the largest fleet of any U.S. airline, surpassing United's fleet of 372.

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USAir will inaugurate service to Ottawa from JFK on August 2 with one daily round-trip operated with 79-seat BAC-111 aircraft. USAir also flies into Toronto and Montreal.



Piedmont began service to Seattle (SEA) on May 15 with one nonstop, round-trip flight daily to our Charlotte hub. Taking part in the ribbon-cutting ceremonies are (l to r) GSO-based First Officer Mike Davis; Sky Day, manager-training-stations; CLT-based flight attendants Jobie Tolley and Pat Sugg; Bob Beard, regional director-

stations; CLT-based Flight Attendant Mark Jacobs; PSA Station Manager Barry Collier; Dale Wagner, customer service manager, DEN; GSO-based Captain Eric Staton; and GSO-based Flight Attendant Julie Stump. Wagner coordinated the opening of the new station where we are handled completely by PSA.

## DOT sets hearing procedure for Piedmont/USAir merger

The Department of Transportation issued an order on July 15 reaffirming its earlier determination that a formal hearing before an administrative law judge will be held to examine the proposed acquisition of Piedmont by USAir. The two applicants had earlier asked for expedited, non-hearing procedures after objections by the Department of Justice and various states had been withdrawn.

Under procedures described in the order, the administrative law judge's recommended decision is to be issued no later than September 21, and DOT's final decision will be released by October 30, 1987. The previously announced September 30 deadline for a final DOT decision has, therefore, been extended by one month.

Following shareholder and regulatory approvals, shareholders of Piedmont (other than shareholders who perfect their dissenters' rights under North Carolina law) will be entitled to receive \$69 in cash for each of their shares of Piedmont common stock, plus interest thereon at a rate of 5.50 percent per annum from April 3, 1987 to the effective date of the merger.

Piedmont said it is confident that the Company and USAir will demonstrate to the DOT that their merger satisfies all of the competitive tests used by the DOT in approving other mergers.

Our 767-200s aren't the only new aircraft flying Piedmont's colors. Brockway, a member of the Piedmont Commuter System, recently took delivery of its first SAAB 340, shown here

with the City of London. Brockway has four more SAAB 340s, which seat 34 passengers, scheduled for delivery this year and options on five more.



## traffic

	June		First Six Months	
passengers	2,106,524	+4.4%	12,345,624	+15.5%
revenue passenger miles	948.4 million	+3.6%	5.5 billion	+12.8%
available seat miles	1.5 billion	+4.5%	9 billion	+8.5%
load factor	61.57%	-.55 pts.	60.52%	+2.30 pts.

Piedmont set new records in June for passengers boarded, RPMs, and ASMs.

The following stations set new boarding records in June: EVV, ISP, TYS, SEA, YUL, and LGW.

Our six reservations centers answered 3,125,199 calls in June, a record high and the first time calls have exceeded three million for a given month. Calls were up 6.97 percent over June 1986.