

The Sundance Airline

A CORPORATE PROFILE

The following is an overview of where Hughes Airwest stands in the world today and the milestones it has attained under Hughes management since 1970.

Geographic Scope

Hughes Airwest flies to eight western states (Arizona, California, Idaho, Montana, Nevada, Oregon, Utah and Washington), Mexico and Canada. It is the only three-nation route structure operated by a U.S. regional airline.

Fifty-five airports are served in this territory that extends along the entire west coast of the U.S. to inland areas as far east as Great Falls, Mont.; Salt Lake City, Utah; and Phoenix, Arizona.

Hughes Airwest provides the only U.S. flag carrier service to five cities in Mexico, or more Mexican destinations than are served by any other U.S. airline.

The north-south span of its system—between Edmonton, Canada and Guadalajara, Mexico—is about 2,800 miles. If extended in an east-west direction, it would connect San Francisco and New York.

This service region contains most of the country's pleasure destinations—national parks, monuments and recreational areas; winter ski centers; summer sun destinations; and nearly every Pacific Coast beach resort.

The major population centers served within this region comprise some of the country's largest and fastest growing megalopolises.

System Growth

Forty-eight airports now get Hughes Airwest DC-9 jet service. This is a 60 per cent increase from the airline's 30 jet cities in 1970. (The seven other cities—all smaller—are served by the few remaining F-27 propjets in the fleet.)

On the other hand, the number of all-jet cities has jumped to 37 from only 8 five years ago—a 360 per cent increase.

Three cities have been added to the system since 1970. They are Guadalajara and Guaymas in Mexico and Edmonton in western Canada.

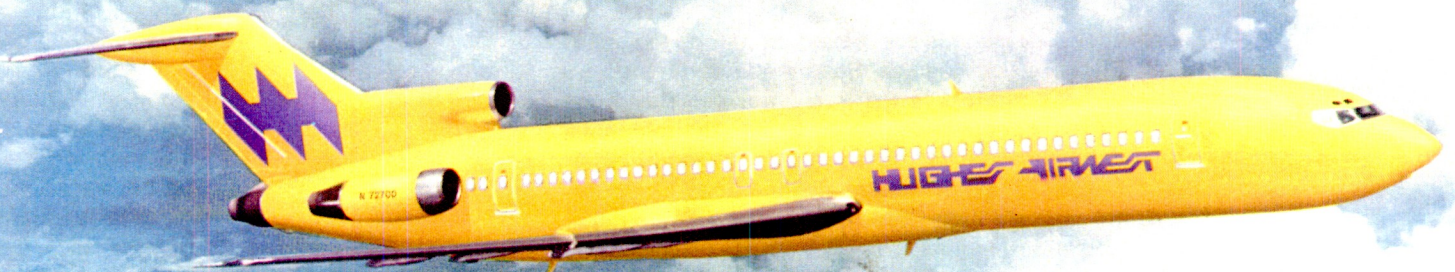
Hughes Airwest has inaugurated nonstop service linking many growing cities and major population hubs.

This ability to offer improved service is the result of the airline's initiative in seeking and obtaining a realignment of its routes, which integrated the separate systems of its three predecessor companies into one operating certificate.

The resulting, and less restrictive, route structure permitted the airline for the first time to overfly previous mandatory stops and capture a larger share of the more competitive markets throughout the West.

About 800 aircraft arrivals and departures are operated daily throughout the system.

Hughes Airwest will have three new Boeing Advanced 727-200 trijets as the flagships of its fleet by the end of 1976.



Current Sundance Destinations

Airports in the following 55 cities are served by Hughes Airwest's Sundance fleet (the years flights were inaugurated are in parentheses):

ARIZONA

Grand Canyon (1958)
Page (1959)
Phoenix (1949)
Tucson (1968)
Yuma (1952)

CALIFORNIA

Bakersfield (1956)
Blythe (1952)
Burbank (1956)
Chico (1946)
Crescent City (1948)
El Centro (1952)
Eureka (1946)
Fresno (1962)
Los Angeles (1946)
Monterey (1946)
Oakland (1946)
Ontario (1955)
Palm Springs (1957)
Redding (1946)
Sacramento (1946)
San Diego (1953)
San Francisco (1946)
San Jose (1946)
Santa Ana (1952)
Santa Barbara (1946)
Santa Maria (1946)
Stockton (1955)

IDAHO

Boise (1944)
Idaho Falls (1944)
Lewiston (1944)
Pocatello (1946)
Twin Falls (1948)

MONTANA

Great Falls (1959)
Kalispell (1959)

NEVADA

Las Vegas (1946)
Reno (1946)

OREGON

Eugene (1947)
Klamath Falls (1953)
Medford (1946)
North Bend (1947)
Portland (1946)
Redmond (1959)

UTAH

Cedar City (1958)
Salt Lake City (1959)

WASHINGTON

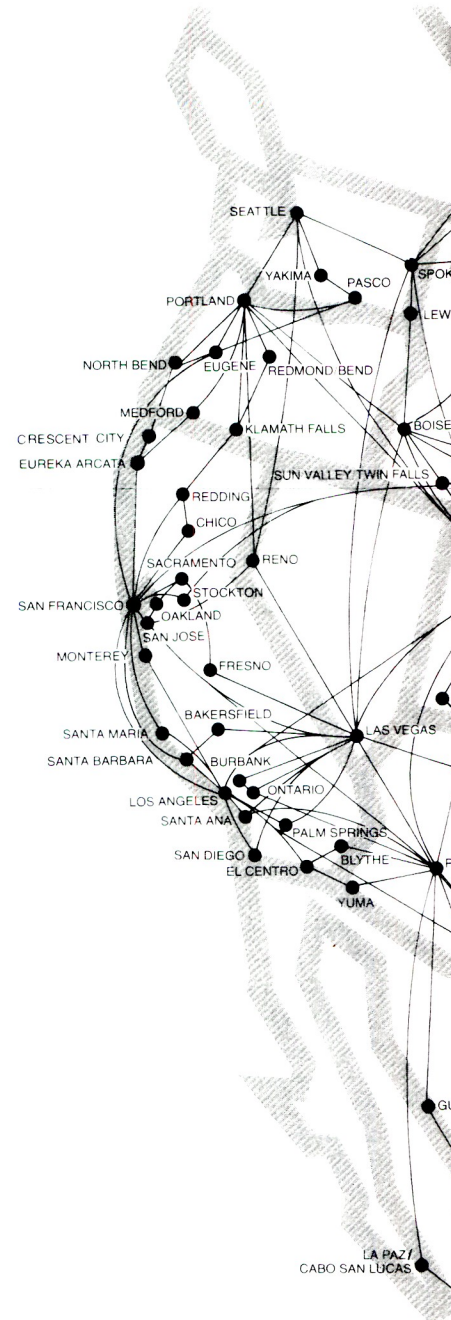
Pasco (1949)
Seattle (1946)
Spokane (1946)
Yakima (1952)

MEXICO

Guadalajara (1971)
Guaymas (1973)
La Paz (1968)
Mazatlan (1968)
Puerto Vallarta (1968)

CANADA

Calgary (1960)
Edmonton (1974)



Future Expansion

Several route applications, if approved by the Civil Aeronautics Board, will lead to future expansion. They include:

- On-line nonstop routes linking Calgary and Edmonton with Las Vegas, Los Angeles and San Francisco; Los Angeles and San Francisco with resort cities in western Mexico; Oakland with Las Vegas and Phoenix; and Burbank with Phoenix.
- Off-line routes expanding the present system to Albuquerque, Denver, Dallas/Ft. Worth, El Paso, San Antonio, Houston, Des Moines, Milwaukee, Cincinnati, Dayton, Columbus, Indianapolis and Vancouver.

The People Who Make It Work

A work force of about 3,800 is employed throughout the system, including more than 450 pilots and nearly 600 flight attendants who are based at San Francisco, Las Vegas, Seattle and Phoenix.

Reservations personnel are based at telephone sales centers in Phoenix, Los Angeles, Seattle and at the airline's international headquarters in the San Francisco Bay Area. These employees handle more than 10,000,000 telephone calls a year, or about 95 per cent of the systemwide reservations, through IRMA (for Instant Reservations Made Accurately), the airline's high-speed reservations computer.

The systemwide employee payroll exceeded \$65,300,000 in 1975.

Sundance Fleet

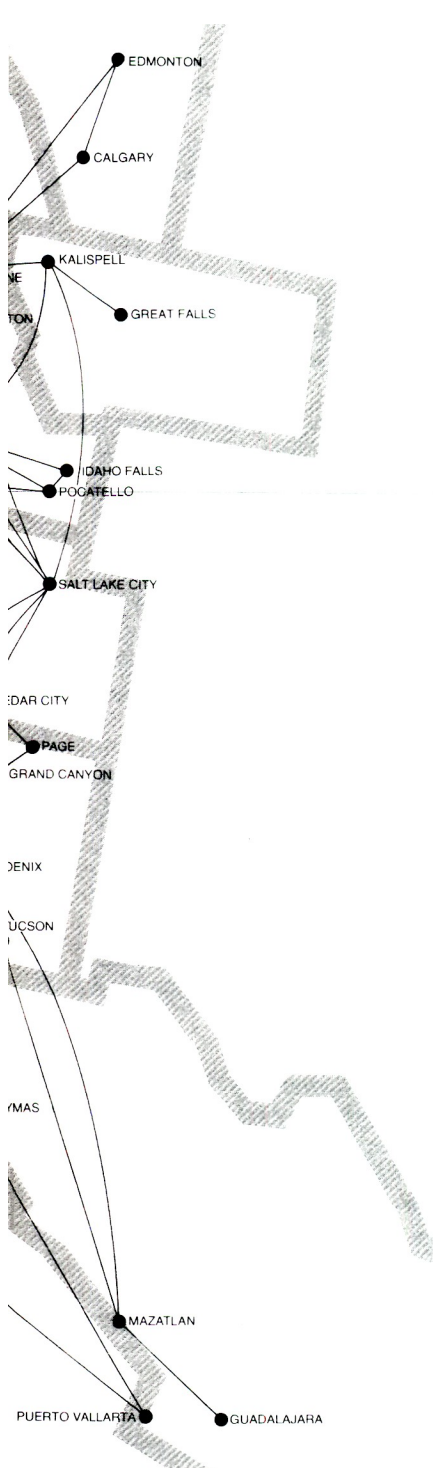
A total of 37 aircraft

- Eighteen Super DC
- Thirteen DC-9-10 aircraft
- Six F-27 Fairchild

By the end of 1976 Hughes Airwest's fleet will consist of 37 aircraft, 18 Super DC-9-10s and 19 F-27s.

Advanced 727-200 transport aircraft. The fleet is 100 per cent since 1970, the sixth largest in the world.

*These numbers are as of Dec. 31, 1975. They include aircraft on order, livery or leasing.



flights are in scheduled operation*:
 9-30 jets (103 passengers)
 and DC-9-15 jets (75 passengers)
 propjets (40 passengers)
 the airline will have three new Boeing
 jets as the flagships of its fleet,
 DC-9 fleet, which has increased 90
 is the fourth largest in the U.S. and
 the world. The DC-9s will continue to
 be the airline's fleet.
 reflect the active fleet status as of
 the changing due to aircraft sales, de-

Financial Results

revenues of \$169.5 million—its fourth consecutive year in the black. When the Hughes management took over in April, 1970, it inherited a 1969 year-end net loss of nearly \$21 million on revenues of only \$74 million.

The new management achieved its first net profit of \$1.9 million in 1972. In 1973 and 1974 it earned net profits of \$4.7 million and \$7.9 million, respectively.

By deleting smaller uneconomic cities and improving over-all productivity, the need for federal subsidy, as defined by the Civil Aeronautics Board, has decreased at an average annual rate of 14 per cent. The company's objective is to eliminate its need for subsidy altogether.

(Add 000)	1975	1974	1973	1972*	1971*	1970
Total revenues	\$169,500	\$159,900	\$130,107	\$96,701	\$96,231	\$85,261
Operating expenses	166,700	147,500	123,823	94,176	98,001	91,941
Operating profit (loss)	2,764	12,400	6,284	2,525	(1,770)	(6,680)
Non-operating income (expenses)	(336)	(2,324)	(1,437)	(615)	(1,548)	(5,168)
Income taxes	725	2,100	180	—	—	—
Net profit (loss)	1,703	7,945	4,667	1,910	(3,318)	(8,171)

* Results affected by a four-month labor dispute that started Dec. 15, 1971 and ended in mid-April, 1972.

Improved Performance

	1975	1974	1973	1972**	1971**	1970
Passengers boarded (add 000)	3,700*	3,662	3,366	2,558	2,731	2,898
<i>(Passenger boardings have increased 28 per cent since 1970)</i>						
Passenger miles flown (add 000)	1,496,989*	1,443,428	1,260,000	891,373	881,890	892,611
<i>(Passenger miles have increased 68 per cent since 1970)</i>						
Load factor (percentage of seats filled)	52.7%	55.5%*	51.3%	47.5%	45.9%	45%
<i>(The average load factor has increased nearly 8 percentage points since 1970)</i>						
Passenger density (number of passengers per mile)	45.9	47.1*	41.2	38.8	34.3	31.6
<i>(Passenger density has increased 45 per cent since 1970)</i>						
Average miles flown per passenger	404*	394	374	348	323	307
<i>(The average passenger trip length has increased 32 per cent since 1970)</i>						
On-time performance*** (within 15 minutes of schedule)	84.2%	77.1%	83.7%	84.7%	85.4%*	85.2%

* All-time annual record
 ** Includes severely restricted service during the four-month labor dispute.
 *** Hughes Airwest closely monitors on-time performance for all departing flights, instead of arrivals, throughout its entire system of airport stations. This is because arrivals may be affected by such uncontrollable enroute factors as adverse weather conditions or air traffic control delays. The airline industry, including Hughes Airwest, is required to report to the Civil Aeronautics Board the arrival performance on flights only between CAB-designated city pairs and considers 70 per cent on-time very good. However, this does not reflect the on-time performance at all the cities an airline serves. Hughes Airwest achieves complete coverage, represented by the figures above, by measuring its departures systemwide, unlike many other airlines that only monitor arriving flights operating between the city pairs designated by the CAB.

Major Facilities

San Francisco International Airport (mailing address)
San Francisco, Calif. 94128
(Area Code 415) 573-4000; TELEX 34-9431

INTERNATIONAL HEADQUARTERS

International headquarters is at 3125 Clearview Way at Hillsdale Boulevard in San Mateo, Calif.—midway between San Francisco and San Jose.

This is the \$6.2-million home and operational nerve center for the only scheduled airline based in the San Francisco Bay Area.

Around-the-clock daily international operations in the western portion of the North American continent are directed from this facility.

The headquarters complex features one of the industry's most modern reservations centers, which has been studied by many of the world's major air carriers.

Other space in the San Francisco Bay Area includes hangar, cargo and terminal facilities at San Francisco International Airport and industrial space in South San Francisco.

Hughes Airwest also is the only airline with a flight attendant training school in the Bay Area.

MAINTENANCE CENTER

The airline's maintenance and engineering base is at Sky Harbor International Airport in Phoenix—the only such facility in Arizona.

Here, work on the airline's fleet, as well as on outside contracts, is done by a personnel force of about 500 skilled mechanics, supervisors, engineers, avionics and instrument specialists, supply clerks and support staff.

Some 1,600,000 man-hours at a cost of about \$18,500,000 are spent annually to exceed high FAA-required standards of safety and performance for the airline's Sundance fleet.

Under the Hughes management, the airline has reached beyond the confines of its daily operations and signed many outside contracts that have produced additional revenues.

These outside contracts have included work in Phoenix on small executive aircraft and on DC-9 jets for McDonnell Douglas Corp., Air Canada, the U.S. Air Force and Turkish Airlines, to name a few.

The Phoenix facility also is certificated by the Federal Aviation Administration to perform repair and service on DC-9 jets and F-27 aircraft of other airlines.

Billings for this outside work in 1975 amounted to more than \$6,000,000.

High Training Standards

Hughes Airwest maintains high standards for all its employees.

Pilots receive periodic flight and ground instruction in Phoenix and the other three domiciles in Seattle, San Francisco and Las Vegas. Mechanics are trained in Phoenix.

Flight attendants and dispatchers, along with pilots, receive annual recurrent training to ensure continued competency.

All this training exceeds minimum requirements of the Federal Aviation Administration.

Foreign and Domestic Sales Offices

The airline has off-line sales offices in New York City, Tokyo, Sydney, Mexico City, Honolulu and San Juan, Costa Rica.

It also maintains full-staff sales offices in 17 major cities it serves in the U.S., Mexico and Canada. City ticket offices are located in 13 cities.

Overseas Business Programs

Hughes Airwest is one of only a few airlines in the world involved in technical and management assistance agreements with overseas air carriers—many in developing countries.

In early 1976, Ghana's major airline—Ghana Airways—selected Hughes Airwest to help improve scheduled service between cities in nine countries in West Africa.

Ghana is the seventh nation in the last six years to receive Hughes Airwest's instant expertise as an established international airline.

Hughes Airwest was the first U.S. company in Burma in mid-1970 with a maintenance assistance program for Burma Airways Corp. In early 1972, it became the first American firm in Nepal with a similar program for Royal Nepal Airlines.

Two years later it signed another overseas contract—this with the West African nation of Mauritania—to help its only major airline, Air Mauritanie. And last year, Saudi Arabian Airlines was added to the list.

These nations are using Hughes Airwest's operating and managerial skills to help them develop air transportation systems tailored to their particular—and varied—needs.

Contractual agreements have been completed with Toa Domestic Airlines in Japan and Air Liberia in West Africa.

Fair Share Paid in '75

Hughes Airwest contributed its fair share to the economy of the West by paying more than \$6,700,000 in property and other taxes and licenses during 1975.

Landing fees, which were paid to all its airports for the privilege of providing passenger service, totaled about \$4,300,000, up 13 per cent from 1974.

The cost of facility rentals and other related services exceeded \$4,000,000.

All these dollars are paid to various government agencies in the eight western states, Canada and Mexico.

A Brief Look Back

The assets of Air West, Inc. were purchased in April, 1970 by Hughes Air Corp., which operates the airline as Hughes Airwest.

The predecessor carrier was formed in 1968 by the merger of three pioneer airlines in the West: Pacific Air Lines (based in San Francisco), Bonanza Air Lines (Phoenix) and West Coast Airlines (Seattle).

Pacific began scheduled passenger service as Southwest Airways in 1946 and became Pacific Air Lines 10 years later. Bonanza started as a flight school and charter service at Las Vegas in June, 1945 and operated its first scheduled flights in August, 1946. West Coast started service in March, 1946; in August, 1952, it purchased Empire