

Competition 'name of game'; exceeds 50% mark for first time

Starting this month, more than half of our service is in direct competition with other airlines.

"It begins a new era for Hughes Airwest," said Russell V. Stephenson, acting general manager. "Our success in the past has depended heavily on non-competitive markets. We continue to depend on them, but our ability to complete also is vital to our continued success."

The increased competition started with the Jan. 15 schedule change. Our 727 trijets were introduced into scheduled service and new flights were inaugurated between several major cities.

These two ingredients boost the company's competitive service to almost 52 per cent of our total operations. (The percentage is based on the number of available seat miles flown along routes served by other airlines.)

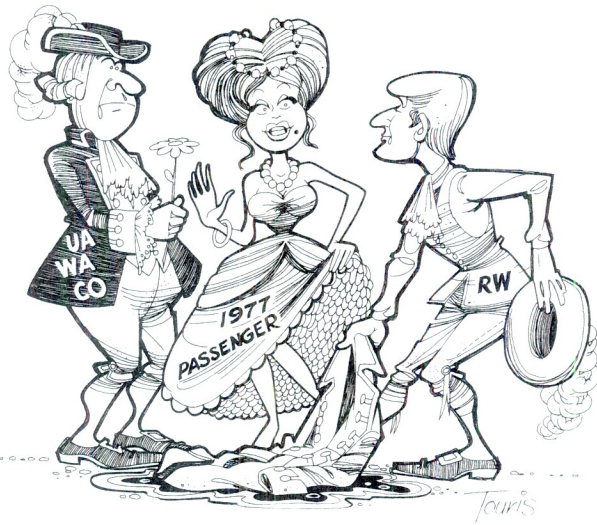
(In our previous schedule, 47 per cent of our service was competitive. A year ago, it was 39½ per cent.)

Seventeen per cent of the service in the new schedule is indirectly competitive, such as satellite airport flights competing with hub service by another airline. The remaining 31 per cent of our service is non-competitive.

Two of our three 727s were put into scheduled service between Los Angeles and Alberta, via Las Vegas. (The third is in charter operations.) The Las Vegas-Calgary segment is the longest currently operated in our system.

New daily nonstop flights were started between six other major cities.

Salt Lake City and Burbank got their first nonstop link with an early morning



"Are you wooing me, sir?"

Highlights of the new schedule

- 727 scheduled service
- Burbank-Salt Lake City nonstops
- Oakland-Phoenix nonstops
- Pasco-San Francisco nonstops

eastbound flight and a late afternoon westbound trip.

New nonstop flights between Oakland and Phoenix began operating southbound in the morning and north-

bound in the evening. The flights also serve Mazatlan and La Paz—our first direct service from Oakland into Mexico and Oakland airport's only direct scheduled international flights.

Pasco got its first nonstop link with San Francisco with a late afternoon flight in each direction. Both flights also serve Los Angeles.

Other new service includes:

- A second nonstop between Seattle and Salt Lake City and a new late-afternoon one-stop flight from Seattle to Phoenix.
- A second non-stop, in the evening, from Orange County to Salt Lake City.
- The first direct service to Reno and Las Vegas from Pasco and Yakima.

Along routes served by other airlines, we increased seat miles by 5.5 million, adding 46 departures each week.

Systemwide, seat miles have been expanded by seven per cent to nearly 69 million a week. Departures were increased two per cent to 2,832 a week.

\$3.5 million profit in '76 — five in a row

Hughes Airwest has reported a preliminary net profit of \$3.5 million for 1976, more than double the \$1.7 million profit the previous year.

It was our fifth consecutive year in the black. Operating profits were \$6.6 million, up from \$2.7 million in 1975.

Russell V. Stephenson, acting general manager, said the effect of inflation last year was offset by two major factors:

- Improved economic conditions that provided the impetus for traffic increase in the last half of 1976;
- The success of the company's expanded service in key markets.

"I would like to thank all employees for their extra efforts during 1976. The continuity of five consecutive profitable years has made possible for our company to continue expansion plans and finance our new Boeing fleet," he said.

"Profits for 1976 were good, but they should be put in proper perspective. More than half of the net profit is the result of the sale of an F-27 and a DC-9-10, overseas contract profits, and investment tax credit on three 727-200 purchases.

"But even with these aids to the financial picture, our operating profits were more than double the 1975 total. This is where the extra efforts of employees are demonstrated."

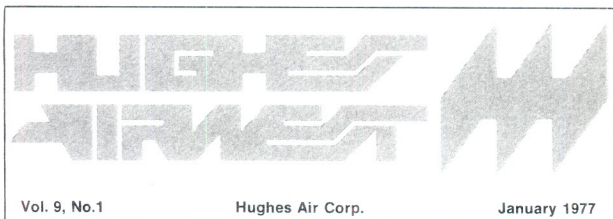
(A general explanation of operating profits in the airline industry is that it is the difference between revenues and costs for scheduled passenger and freight operations, charters and overseas contracts before taxes and does not include interest on debt or gains on aircraft sales.)

He said this year "should be as good as 1976—or better, depending on government efforts to improve the economy."

The airline plans to expand its air service again this year utilizing its growing number of DC-9-30 jets and its new Boeing advanced 727-200 trijet fleet, he said.

"The only way we can continue to

(Continued on next page)



Several records broken

1977 starts with bang — 17,000 passengers board on second day

The new year started out with a new traffic record.

On Jan. 2, we flew 17,294 people. Other all-time daily records were set in revenue passenger miles (9.3 million), available seat miles (11.4 million), load factor (81.9 per cent) and density (78.6 passengers).

The previous boarding record was 16,142 on Nov. 28. Never before that day had we boarded more than 15,000 passengers.

On the equivalent post-New Year day in 1976 (Jan. 4), we boarded 14,531.

A new single-station daily boarding record was set on Jan. 2, too. Los Angeles boarded 3,153 scheduled and charter passengers. The second highest is 3,090 passengers boarded in Las Vegas on Jan. 9.

Las Vegas holds the current monthly records with 59,688 passengers in August 1976 and 54,147 in July 1976.

Year-end review shows major gains

The year 1976 was highlighted by record-setting traffic, new nonstop routes, delivery of three new flagships, improved reservations and ticketing and our fifth consecutive profitable year.

We boarded more than four million passengers for the first time. We made more seats available over more miles than ever before, and our passengers took advantage of them by flying a record number of miles.

Flights were operated at record densities (passengers per mile). Average distance of passenger trips also hit a new high. Cargo ton miles and revenue set new records.

Charter traffic and revenues met our expectations for the first full year of operation.

1976 (For 1976 traffic and financial details, see stories on this page and *Traffic Scoreboard* and *Financial Results* on the next page.)

Our all-time monthly high in passenger boardings was set in August (381,751). The record for revenue passenger miles (RPMs) was hit in December (157 million).

A daily boarding record set on Jan. 4, 1976 (14,531) went unbroken until Nov. 28 (16,142). A Jan. 4 RPM record of 7.2 million stood until Dec. 23 when we flew more than eight million.

Passengers flew a record average of 444.2 miles a trip in December. The daily record was set on March 27 at 575.5 miles.

Many events surrounded delivery of our new Boeing Advanced 727-200 trijet.

The first Boeing was rolled out of the factory near Seattle in May at ceremonies attended by 700 people, mostly employees from throughout the system. The new jet was christened *Spirit of Gamma*. The ceremony was one of the best attended events of its kind in Boeing's history.

In late August, previews of the new flagship were held for employees in San Francisco and Phoenix, followed by first plane rides for 120 underprivileged children in Phoenix. The aircraft was put into charter service in September.

The second 727 was delivered in November and christened

(Continued inside)

Four million passengers spark record traffic year

Hughes Airwest shattered four traffic records in 1976.

Our boardings exceeded four million for the first time, revenue passenger miles surpassed 1.65 billion for a new high and passengers' average trip length extended farther than ever before.

Boardings totaled 4,038,811, or 9.1 per cent more than the 3,700,519 passengers carried in 1975.

Revenue passenger miles jumped 10.5 per cent to 1,654,563,200 from 1,496,988,800.

The average length of a passenger journey in

(Continued on next page)



Twenty-eight flight attendants were graduated Dec. 9 in ceremonies at international headquarters.

The class included the first male validictorian, Harold Coddling. He received a 99.5 per cent grade point average, one of the highest in the history of the company.

The graduates were pinned by Lee Pitt, public relations staff vice president, and received their diplomas from Kip Wharton, stations and traffic staff vice president.

All were assigned to the Las Vegas domicile.

Pictured (from left, front row, with hometown) are: Peggy Burris, Phoenix; Marti Upson, Los Angeles; Sherri Spitzer, Alameda, Calif.; Maria Armano, Squaw Valley, Calif.; Francine Slagle, San Diego; Loesje VanderHyde and "S.K." Dean, Los Angeles; and Cindy Stout, Redwood City, Calif.

Seated in the middle row (from left) are: Missy Brosnahan, Connie Reed, Judy Reutter, Paula Mains and Dana Johnson, Phoenix; Maureen Kendrick, Azusa, Calif.; Star Thomason, Phoenix; and Maura McCarthy, Novato, Calif.

Standing in back (from left) are: Susan Schoenberger, flight safety instructor; Chris Commons, Grants Pass, Ore.; Audrey Address, Santa Clara, Calif.; Shelly D'Antoni, Palo Alto, Calif.; Harold Coddling, Phoenix; Paula Desin, Los Gatos, Calif.; Rosemary Hernandez, El Paso, Tex.; Monty Jones, Las Vegas; Marcia Ortiz, Sante Fe, N. M.; Debra Jones, Oakland; Craig Stewart, Tiburon, Calif.; Kathryn Snider, Sacramento; Michele Mongelli, Hayward, Calif.; and Carol Gagnard, customer service instructor.

TRANSITION

WELCOME ABOARD

Daniel Weeden, binderyman, printing & office services, San Francisco. Robert Beck and Michael Smith, maintenance technicians, Las Vegas. Roger Hsu, senior programmer, and Vernon Pechta, programmer, system design and programming, Phoenix.

PROMOTIONS

Vernon Alg to chief station agent, Las Vegas. James Britt to chief station agent, Seattle. Ernest Davis to chief station agent, Salt Lake City. Anthony Grillo and Michael Squier to chief station agents, Boise. Jack Oates to captain, Las Vegas. William Eichler and James Reibman to captains, Phoenix. Nori Reagan to dispatcher, San Francisco. Richard Corbell to reserve dispatcher, San Francisco.

RETIREMENTS

Marvin Yarnell, captain, San Francisco, after 30 years with the company. He joined the company (Southwest/Pacific) in 1947 and was based in Las Vegas in 1970-75.

IN MEMORIAM

Harland W. Stewart, retired captain, Seattle; Dec. 8. Joined Empire Air Lines, a predecessor, as a co-pilot in 1945 and retired in 1969. Survived by his widow, Gene. He was 66.

Phyllis Nelson, chief telephone sales agent, Seattle; Dec. 24. Joined the company (West Coast) in Boise in 1961 and was named a chief agent in 1970. Survived by her son, Tim. She was 50.

Johnnie Walton, cleaner, San Francisco; Dec. 28. Joined the company (Southwest) in 1947. Survived by his widow, Martha, and three children. He was 46.

Lydia Oshurkoff, mother of Nina Baratoff, statistics intermediate accounting clerk, planning, San Francisco; Dec. 19.

Kayo Saito, mother of Paul Saito, regional sales manager, Tokyo; Dec. 20.

Helen Coddling, mother of Harold Coddling, flight attendant, Las Vegas; Dec. 20.

Irene Jones, mother of Don Jones, station agent, Los Angeles; Jan. 7.

Luella Oberholser, mother of Arnold Oberholser, station agent, San Francisco; Jan. 8. John Earl Priest, father of Harold Priest, lead maintenance technician, Seattle; Jan. 10.

Madeleine Spear, mother of Harry Spear, captain, San Francisco; Jan. 12.

Howard Nagel, father of James Nagel, station agent, Reno; Jan. 14.

Georgia Furrer, wife of Jack Furrer, captain, San Francisco; Jan. 18.

SERVICE ANNIVERSARIES

THIRTY YEARS

LAS VEGAS—Charles Kinamon, captain. SAN FRANCISCO—Marvin Yarnell, captain.

TWENTY-FIVE YEARS

KLAMATH FALLS—Warren Taylor, station manager. SAN FRANCISCO—Ronald Lance, dispatcher.

TWENTY YEARS

PHOENIX—Peter Brown, Malcolm Rinkenberger and George Shaner, captains. Jonathan Lodwick, engineer. SACRAMENTO—Charles Westphal, maintenance technician. SAN FRANCISCO—Joseph Smith, maintenance technician.

PROFIT...

(Continued from front page)

add fleet units, more jobs and expanded service is by sustaining our profitable record which directly affects our ability to obtain financing for our expansion plans," he said.

Our technical assistance programs in three foreign countries will continue to make profitable contributions, Stephenson said.

Other preliminary figures show 1976 revenues at an all-time high: \$202.1 million, up 19.2 per cent, compared with \$169.5 million in 1975. Operating expenses were \$195.5 million, up 17.3 per cent from \$166.7 million in 1975.

FIFTEEN YEARS

PHOENIX—Richard Holman and Paul Woods, lead hangar maintenance technicians. James Partridge, component overhaul technician. NORTH BEND—William Kime, station agent. LAS VEGAS—William Iverson, captain. Ferdinand Hassler, station agent. BURBANK—Terry Middleton, chief station agent. SEATTLE—James Connor, chief station agent. SAN FRANCISCO—Roland Sollars, dispatcher.

TEN YEARS

GRAND CANYON—Thomas Lewis, station agent. SPOKANE—Donald Wiese, station agent. OAKLAND—Lolus Westbrooks, station agent. SALT LAKE CITY—Mary Kennedy, station agent. PORTLAND—Donald

Hilderbrand, station agent. PHOENIX—Norma Hill, Donald Benker, Ralph Miller and Leonard Benson, station agents. Carol Clevevenger, Karen Odell and Laura Sturdevant, telephone sales agents. Gordon Deuiter, avionics technician. Louis Smith, lead hangar maintenance technician. Fred Fletcher and John Iovinelli, first officers. David Stoddard, DC-9 flight training manager. Melvin Roundy, first officer. LAS VEGAS—Ira Hartzell, maintenance technician. Frank Polvino, captain. LOS ANGELES—Margaret Deacon and Diane Lewis, telephone sales agents. SEATTLE—Kathleen Aberge, telephone sales agent. SAN FRANCISCO—Dennis Rose, assistant dispatcher. Harry Swenson, finance vice president and treasurer. Richard McKelvey, ticket agent.

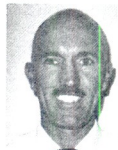
Bill Harris regional flight director in Seattle

Wilbur R. ("Bill") Harris has been named Seattle regional flight director.

He replaces Ed Lungren, who has transferred to Phoenix in that position.

Harris, 44, joined the company (West Coast) as a pilot in 1959. He has been a check captain on both the DC-9 and F-27 and was a Seattle-based captain.

He received a B.S. degree from Oregon State University in 1954 and is a lieutenant colonel in the U.S. Air Force Reserves.



Harris

FINANCIAL RESULTS

	Nov. '76*	Nov. '75*
Operating revenue—scheduled	\$ 16,952	\$ 14,091
—charter	501	162
Operating expense—scheduled	16,296	13,403
—charter	435	113
Operating earnings	722	737
Non-operating earnings (loss)	(372)	(251)
Provision for taxes	179	—
Net earnings	171	486
Nov. year-to-date*		
Operating revenue—scheduled	\$180,295	\$153,056
—charter	3,032	415
Operating expense—scheduled	175,331	151,852
—charter	2,463	340
Operating earnings	5,533	1,279
Non-operating earnings (loss)	(1,203)	(2,199)
Provision for taxes	2,218	(52)
Net earnings (loss)	2,112	(868)
Preliminary Dec. '76*		
Operating revenue—scheduled	\$18,530	\$15,952
—charter	280	70
Operating expense—scheduled	17,454	14,448
—charter	259	90
Operating earnings	1,097	1,484
Non-operating earnings (loss)	(444)	1,864
Provision for taxes	(790)	777
Net earnings	1,443	2,571
YEAR-END		
Preliminary '76*		
Operating revenue—scheduled	\$198,825	\$169,008
—charter	3,312	485
Operating expense—scheduled	192,785	166,299
—charter	2,722	430
Operating earnings	6,630	2,764
Non-operating earnings (loss)	(1,647)	(336)
Provision for taxes	1,428	725
Net earnings	3,555	1,703

* All data in thousands (add 000).

1976 boardings, RPMs, trip lengths, densities at record levels

(Continued from front page)

creased 1.3 per cent to 409.7 miles from 404.5. Density (the average number of passengers flying per mile) also gained 2.8 per cent to an annual record high of 47.2 passengers from 45.9.

Available seat miles were increased 9.4 per cent to 3,108,913,800 from 2,840,732,400.

The average load factor (the percentage of seats filled) climbed to 53.2 per cent from 52.7.

Cargo ton miles were up 4.9 per cent to 8,880,200 from 8,465,100, while the tons of cargo boarded

gained 2.4 per cent to 21,115 from 20,615 tons.

The on-time average was 84.8 per cent, up slightly from 84.2.

In its first full year of charter operations, the airline carried 88,321 charter passengers more than 543,500 miles.

December performance

We also logged a record number of revenue passenger miles (RPMs) and extended the average journey to an all-time monthly high in December.

RPMs jumped 4.8 per cent to 157,148,000 from 149,940,700, while the average length of a passenger trip rose nearly 1 per cent to 444.2 miles from 440.8.

Passenger boardings increased 4 per cent to 353,783 from 340,166.

Available seat miles were boosted 17.1 per cent to 292,841,600 from 250,073,400.

December's increases were sparked by unusually heavy Christmas traffic.

Revenue passenger miles on Dec. 23 reached the highest daily level in the airline's history—8,066,396. The next highest daily RPMs were achieved on Dec. 27 with 7,551,394 and on Dec. 26 with 7,432,712.

Density also exceeded 70 passengers for the first time on those three days.

Daily boardings reached near-records of 16,054 on Dec. 23, 15,871 on Dec. 27, 15,471 on Dec. 26 and 15,070 on Dec. 30. These marks were only exceeded by 16,142 Thanksgiving travelers on Nov. 28.

For the month, density fell 7.9 per cent to 48.9 passengers from 53.1.

The average load factor also slipped to 53.7 from 60 per cent.

Cargo ton miles declined 6.7 per cent to 881,811 from 944,935, while the tons of cargo boarded dipped 4.7 per cent to 2,049 from 2,149.

TRAFFIC SCOREBOARD

	Dec. '76	Dec. '75	% Change
Passengers	353,783	340,166	+ 4.0
Revenue pass. miles	157.1 mil.	149.9 mil.	+ 4.8
Available seat miles	292.8 mil.	250.1 mil.	+ 17.1
Load factor	53.7%	60.0%	— 7.9
Passenger density	48.9	53.1	+ 0.8
Average trip miles	444.2	440.8	+ 619.9
Charter passengers	8,308	1,154	+250.4
Charter miles flown	39,588	11,299	— 6.7
Cargo ton miles	881,811	944,935	— 4.7
Cargo tons boarded	2,049	2,149	— 59.7%
On-time performance	75.6%	84.2%	
YEAR-END			
Passengers	4,038,811	3,700,519	+ 9.1
Revenue pass. miles	1,655 bil.	1,497 bil.	+ 10.5
Available seat miles	3,109 bil.	2,841 bil.	+ 9.4
Load factor	53.2%	52.7%	+ 2.8
Passenger density	47.2	45.9	+ 1.3
Average trip miles	409.7	404.5	N/A
Charter passengers	88,321	N/A	N/A
Charter miles flown	543,542	N/A	N/A
Cargo ton miles	8,880 mil.	8,465 mil.	+ 4.9
Cargo tons boarded	21,115	20,615	+ 2.4
On-time performance	84.8%	84.2%	



(From Employe Club regional parties in Los Angeles, Seattle, San Francisco, Las Vegas and Phoenix)

1976

(Continued from front page)

Spirit of the Racer at ceremonies in Burbank. Two hundred underprivileged youngsters got aerial tours of Los Angeles.

The third trijet, *Spirit of Hughes' Flying Boat*, was delivered in December. The three names recall the aeronautical achievements of Howard Hughes, who had died April 5.

Pilot, flight attendants and maintenance employes received training for the 727s in Seattle, Phoenix, Dallas and at home domiciles. All flight attendants are scheduled to be qualified on the 727 by the end of this year.

Three DC-9-30 jets purchased from Hawaiian Airlines also were delivered, modified in Phoenix and put into service during 1976. (A fourth -30 from Hawaiian had been put into service the previous fall.)

We began nonstop service along eight routes during 1976. Three were begun in July. They were Seattle-Reno, Portland-Reno and Salt Lake City-Southern California (Los Angeles and Orange County). In September, Burbank-Phoenix nonstops were inaugurated.

A major effort went into the Las Vegas-Canada (Edmonton and Calgary) start-up in November. We also began Oakland-Las Vegas nonstops that month. (We received Oakland-Phoenix authority in 1976; those flights were started this month.)

Special ceremonies were held for most of the start-ups. The largest was in Las Vegas where the governor declared "Canada Day" in Nevada. We hosted a 120-member delegation representing Alberta for the event.

Promotion of our new routes was the basis for major marketing efforts in 1976—especially the new Salt Lake City and Reno nonstops.

The "Top Banana in the West" advertising campaign was launched in June in cities affected by these new nonstops. "Top Banana . . ." received top marks in a survey of public recall.

Our "Paradise for Pesos" Mexico marketing program received "Pinata Pizzazz" early in the year in the form of colorful displays at several U.S. stations. Special Mexican inflight meal service was featured southbound, with "all-American" meals northbound.

Blue Chip meal service—from Steak-N-Eggs for breakfast to Cordon Bleu for dinner—was started on our new Southern California-Salt Lake City nonstops.

Thirteen packages to major ski areas in Idaho, Montana, Nevada, Oregon, Utah and western Canada were offered. A corp of 45 volunteer employe ski ambassadors assisted Sun

(Continued on back page)



FIRST CLASS

This issue has been mailed to you first class in order to check the efficiency of our distribution and postal service. Future issues will be mailed to you bulk rate, as in the past.

If you have not received past issues at your home please send us a note at the public relations department, San Mateo. —Editor

Know your competitor . . .

Western — a strong and old airline

Editor's note—A better understanding about your competitor will assist you in selling our services.

On that premise, this article is about Western Airlines, one of our major competitors. Other airlines will be featured in future issues.

The oldest airline route in the U.S. is the scene of one of Hughes Airwest's stiffest competitive battles.

Fifty-plus years ago, Western Air Express—today's Western Airlines—began air mail service on a 651-mile Los Angeles-Las Vegas-Salt Lake City run.

One of the biggest markets Hughes Airwest competes in is from Southern California to Salt Lake City and Las Vegas.

Western and Hughes Airwest each have 27 daily departures from the greater Los Angeles area to these destinations.

But Hughes Airwest's satellite strategy is giving Western a run for its passengers and cargo. Hughes Airwest flies to Las Vegas from Burbank, Ontario and Orange County, plus Los Angeles International, and to Salt Lake City from all but Ontario.

Western has all but one of its eggs in one basket. It operates 26 daily departures from Los Angeles International to Salt Lake City and Las Vegas, plus one daily flight between Ontario and Salt Lake City.

To varying degrees, competition exists in many other markets, too. These include Edmonton and Calgary to Los Angeles, Seattle to Phoenix, and the San Francisco Bay Area to Las Vegas. (In the last market, again, it's our satellite nonstop flights versus Western's from San Francisco International. We have one nonstop from Oakland, two from San Jose, plus five other direct departures from the three Bay Area airports. Western has six nonstops and one one-stop from San Francisco.)

Both airlines are after Mexico tourist traffic. Western serves Mexico City and Alcapulco—the two most popular tourist destinations in Mexico. With the exception of Guadalajara, our destinations are smaller cities and more resort-oriented. Both airlines offer tour packages which are competitive in price.

A large share of our advertising budget supports competitive markets. But for every dollar Hughes Airwest spends on advertising, Western can spend five. Western outspends Hughes Airwest in every advertising category (newspapers, TV, radio, magazines) except outdoor billboards.

According to *Aviation Daily*, in 1975 Western spent \$2.28 per enplaned passenger for food service. Hughes Airwest spent 72¢. Western's expenditure was below the average for trunk airlines. Hughes Airwest's

was above average for regionals.

Last year, Hughes Airwest started "Blue Chip" meal service on Southern California-Salt Lake City nonstops, featuring meals comparable to those on trunk transcontinental flights. Current average cost of this service is more than \$4 per meal.

Western serves 39 cities—most of them in the West—from Miami, Fla., to Hawaii and Alaska. It flies to Minnesota, Colorado, Wyoming and South Dakota, in addition to the eight states served by Hughes Airwest, plus Mexico and three cities in Canada.

Almost half of Western's destinations are served by Hughes Airwest. The 19 cities in common are Calgary, Edmonton, Great Falls, Idaho Falls, Pocatello, Seattle, Portland, Salt Lake City, Reno, Las Vegas, Phoenix,



Los Angeles, Ontario, Palm Springs, San Diego, San Francisco, San Jose, Oakland and Sacramento.

Hughes Airwest and Western each wrote more than \$6 million in interline travel for the other in 1976.

Following are some monthly statistics for Western Airlines. Figures are averages based on the first nine months of 1976. Comparable Hughes Airwest figures are shown in parentheses:

- Passenger boardings: 739,000 per month (334,000).
- Revenue passenger miles: 661 million (136 million). (In terms of revenue passenger miles, three of the 11 trunk airlines are smaller than Western—Baniff, Continental and National.)
- Available seat miles: 1.1 billion (252 million).
- Operating revenue: \$50.2 million (\$16.5 million).
- Operating expense: \$47.3 million (\$16 million).

And some other facts about Western:

- It has 75 aircraft with a total capacity for 9,945 passengers, ranging from seven 239-seat DC-10s to 24 99-seat 737s. It has 21 727s, 18 720-Bs and five 707s. Most aircraft have first class sections. (Hughes Airwest has 42 aircraft with a 3,803 seat capacity.)
- These aircraft make about 3,200 departures per week. (Ours make 2,832.)
- Western's average nonstop flight is more than 600 miles, compared to our 263 miles.
- It has more than 9,300 employes. Hughes Airwest

has just under 4,100.

On the regulatory battlefield, Western is challenging almost all of Hughes Airwest's applications for authority improvement and route expansion, and Hughes Airwest is challenging Western's with equal vigor.

For example, Western has asked the Civil Aeronautics Board to realign its route system, seeking improved authority in many markets, including some that Hughes Airwest also serves or would serve if it had better authority.

Hughes Airwest has objected to Western's realignment on grounds that competitive authority would limit Hughes Airwest's expansion.

A CAB order responding to part of Western's application stipulates that both airlines would receive new nonstop authority in 26 "minor" markets.

Other trunk airlines have followed Western's lead by filing their own realignment applications. As a result, the realignment issue now involves essentially all of the trunks and regionals. Regional airlines have said that trunk realignments would deprive regionals of markets they can serve best. This issue is yet to be resolved.

One of Hughes Airwest's most important regulatory battles with Western is in the Las Vegas-Reno Competitive Service Proceeding now underway. A pre-hearing conference was scheduled for Jan. 26. Western, which initiated it, and Delta and TWA, are seeking to compete nonstop on this route which Hughes Airwest serves exclusively.

Other major applications in contention between Hughes Airwest and Western include those for new nonstop authority linking Calgary and Edmonton with Los Angeles and San Francisco, Spokane-Vancouver authority and new Mexico routes.

Hughes Airwest has applied to compete with Western on its nonstop routes from Reno to San Francisco, Los Angeles and Denver.

Winning regulatory battles is one way an airline builds competitive edges. Western discontinued service to Las Vegas from Oakland, Edmonton and Calgary after Hughes Airwest received nonstop authority and started service in November. (Western has nonstop authority from Oakland, which it was operating prior to Jan. 15.) Hughes Airwest's new Alberta-Las Vegas nonstop authority allows it to operate between Alberta and Los Angeles with only one stop. Western must make at least two stops.

Hughes Airwest and Western are bound to stay competitors for some time to come—on current routes and in regulatory matters—vying for the most important prize, the customer.

(Continued from previous page)

Valley-bound passengers on 90 flights originating in Los Angeles and San Francisco.

Promotion of the round-trip excursion "Jackpot" fare between Southern California and Las Vegas continued and a special weekend discount saving travelers between 24 cities about 35 per cent was started and advertised.

By year's end, more than 12,000 customers had signed up for our "Frequent Flyer" program started in July. They are receiving travel aids such as an identification/check cashing card, Time-Saver Tickets, a quarterly newsletter and travel-planning materials.

Following are some other highlights of 1976.

• We flew more than 88,000 passengers on more than 540,000 miles of charter flights. They spanned the continent.

For 11 weeks, one charter crisscrossed the U.S. carrying presidential hopeful Ronald Reagan on his campaign trail.

In December, the 727 assigned to charter service flew a record nonstop distance of almost 2,000 miles from Salt Lake City to Orlando, Fla.

• Easter and Christmas holiday tour bookings from Alberta to Southern California continued their rapid growth. During 1976, we flew 7,100 Canadians on the special holiday jets—about 2,800 more than in 1975. (The program was started in 1972 with only 400 bookings, followed by 1,800 in 1973, 2,700 in 1974 and 4,300 in 1975.)

• Six overseas Aviation Assistance Programs were in operation during all or part of 1976. A project of almost four months was conducted in Ghana starting in March. Programs are continuing in Nepal, Mauritania and Saudi Arabia. Two others—in Burma and Liberia—were completed. Almost 100 employees were assigned to these projects during all or part of the year.

• Customer service was improved by installing high speed ticket printers, instant display computer terminals (CRTs) and flight information display systems in San Francisco, Salt Lake City and Phoenix.

Renovation of facilities was completed at several stations. The most extensive was in San Francisco, which was finished in January.

Other stations receiving facelifts were Portland, Phoenix and Yuma. New air freight facilities were built for Boise and Salt Lake City. Station renovation is under way in Salt Lake City.

On May 4, San Jose station boarded its one millionth passenger since we started service there in 1946. Seventeen other stations also completed 30 years of service to their communities during 1976. They are: Chico, Eureka, Los Angeles, Monterey, Oakland, Redding, Sacramento, San Francisco, Santa Barbara, Santa Maria, Pocatello, Las Vegas, Reno, Medford, Portland, Seattle and Spokane. Two stations, Bakersfield and Burbank, completed 25 years.

Two stations were upgraded in classification as a result of their increased boardings during 1976. Reno was moved to an "A" classification and Redding was classified a "B" station.

• Reservation and ticket handling capabilities were vastly expanded in July when we switched to a Miami-based communications computer owned by Eastern Airlines. The cut-over culminated six months of planning and preparations by the telephone sales, stations and communications departments. A credit verification system was added later in the year.

In October, the company installed its first outside DMC printing device at Western Empire Tours in Salt Lake City. Telephone sales agents can immediately confirm availability of our Sun Valley and Salt Lake City-area ski package offerings. Others are being installed at tour operators' offices in San Diego, Los Angeles, Phoenix and Reno.

Agency and commercial account teleticketing operations were moved from Los Angeles to San Francisco in December as part of a special function consolidation and expansion of Central Reservations Services.

A lease was signed for a new Los Angeles telephone sales office. We expect to move by June 1977.

In 1976, our telephone sales agents—in Seattle, Phoenix,

and Reno—received an earlier check. The award was used by government dignitaries, including the vice president, first lady, congressmen and military officers.

Forty employees received 727 maintenance training at Boeing in Seattle. Another 80 employees were trained in-house in Phoenix. This training program is continuing.

A group of nine Nepalese were trained in 727 maintenance by our employees in Phoenix and were awarded FAA licenses as a result.

• Four more employee dependents were chosen to receive company scholarships. In all eight college students are receiving the awards during this academic year.

• In early October, U.S.-based employees and the company came to the aid of La Paz employees and other victims of Hurricane Liza by donating and sending more than 30 tons of relief materials.

• Our growing fleet and expanding service required additional employees. The work force grew each month. By Dec. 31, we had 4090 employees—310 more than on Jan. 1. Among new employees, this included 100 flight attendants, 88 pilots, 49 technicians and cleaners, 46 station and ticket agents and 40 telephone sales agents.

During 1976, we filed several applications for new routes within our system and to cities across the U.S. Included were those to fly from

• Sacramento to Seattle, Fresno to Portland and Sacramento to Phoenix.

• Los Angeles to Louisville and beyond to Baltimore/Washington and Nashville. (An administrative law judge hearing is scheduled for June.)

• Las Vegas, Phoenix and Tucson to Albuquerque, El Paso, San Antonio, Houston, Corpus Christi, Midland/Odessa and New Orleans.

• Reno to San Francisco, Los Angeles and Denver.

• Los Angeles to Indianapolis, Dayton, Cincinnati and Columbus. (The CAB's bureau of operating rights has recommended that this application be denied; we are awaiting the administrative law judge's recommendation and the board's final decision.)

We signed an interchange agreement with Frontier Airlines which would allow for first-time single-plane service between Hughes Airwest destinations of Burbank and Orange County and the Frontier city of Denver, via Salt Lake City or Las Vegas. Plans are underway to inaugurate this service April 24, pending CAB approval.

The company continued its defense of markets sought by other carriers. These cases involve Las Vegas-Reno, Monterey intrastate service and Frontier's request for permanent certification at Kalispell.

Still pending during 1976 were previous applications—some of them receiving consideration—to fly from

• Phoenix to Des Moines and Milwaukee. (The bureau of operating rights has made a recommendation in our favor; we are awaiting an administrative law judge recommendation.)

• Las Vegas to Dallas. (This month we submitted our exhibits proposing four daily roundtrips serving Reno, Sacramento, Boise and Spokane beyond Las Vegas. An ALJ hearing is scheduled for March.)

• Los Angeles to Boise and Spokane. (An ALJ recommended that we receive nonstop authority to Spokane only; we have asked the board to also award the Boise route to us. The board's final decision on both authorities is pending.)

• Los Angeles and San Francisco to Calgary and Edmonton. (The BOR has made a recommendation in our favor.)

• Spokane to Vancouver, B.C. (We have filed a motion for an expedited hearing.)

• Los Angeles and San Francisco to Guadalajara and Mazatlan; Phoenix to several new destinations in Mexico, including Mexico City and Acapulco. (No action.)

Major route realignment applications also are awaiting CAB action.

Our application to delete service at Cedar City and Page, due to lack of adequate traffic, was still awaiting a final decision at year's end. An application to delete service at Ephrata, which was suspended in 1974, is set for hearing in February.

nis tournament for employees and spouses is being planned for March 5-6 in Tempe, Ariz.

For details, contact Richard Jepsen, first officer, P.O. Box 2966, Phoenix 85036.

'Retiring' Reynolds comes back to work -inflight services chief



Pilots greeted Reynolds at retirement ceremonies in Phoenix last month.

Myron W. ("Woody") Reynolds has been named acting senior director of inflight and passenger services following his retirement as regional flight director in Phoenix. He will continue to be based in Phoenix.

His retirement brought to a close a 36-year career as a pilot and flight operations executive. Thirty of those years have been with Hughes Airwest and its predecessors.

Reynolds started flying in 1939 and two years later became a flight instructor in Salt Lake City. He joined the U.S. Air Force in 1942 and achieved the rank of major.

In 1946, he became a pilot with Bonanza Airlines. A year later, he took a leave of absence to join Challenger Airlines (now Frontier).

Reynolds returned to Bonanza in 1949 as chief pilot and was promoted to operations vice president in 1951. He also served as senior vice president and acting executive vice president until the merger when he became operations vice president of Air West.

In his new post, Reynolds also serves as a special assistant to Russell V. Stephenson.

SF credit union names general manager

Wanda L. Riker, who has more than 25 years experience in credit union administration, has joined the San Francisco Federal Employees Credit Union as general manager, a new position.

Most recently, she was manager and treasurer of the Del Monte California Employees Federal Credit Union for 13 years.

Before that, she was assistant treasurer of the Campus Credit Union at the University of California, Berkeley, and assistant treasurer of the Carnation Northern California Employees Federal Credit Union.

She is a past president of several credit union organizations, including the Northern California chapters of the Managers Association and the Executive Society and the Western States Data Processing Group.

Jan Lindner remains manager of the international headquarters-based group.

SNOWBIRD LIFT DISCOUNTS

Discounted full-day ski lift tickets for Snowbird are available to employees at the Salt Lake City ticket counter. Savings range from \$1.50 to \$3.50.

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Scholarship deadline

All application material for the company's 1977-78 scholarship awards must be submitted by March 1.

Selecting the recipients from high school senior and college undergraduate applicants will be committee members: Edwin N. Altman, operations vice president; Tom Hall, personnel director; and Glenn P. Smith, chancellor of San Mateo County's Community College District.

Further information is available from Jim Hauptert, employe and management development manager, San Mateo.