

Off and running: 30% commuter, leisure cuts

We're saying "Yes for Less" with start-up of our two 30 per cent discount programs June 1.

One or both of the easy-to-use discounts is available on all U.S. flights except for travel within California and Nevada, where intrastate fares already are about 30 per cent lower than regular interstate rates.

The discounts were to be available on Calgary and Edmonton routes but were suspended by the Canadian government, which asked for more justification.

Other airlines are making "Super Savers" available at up to 40 per cent discount midweek, but most of these require 30-day advance reservations. Our leisure excursion fare (designated "YE-15") requires only seven days.

"That gives us three more weeks to sell seats under our discount," said Rick Gostyla, market development senior director.

"Super Savers" require a seven-day stay before return. Our leisure discount requires only that the passenger stay away at least one Saturday night (up to 30 days), which makes it applicable for a quick weekend trip. This restriction assures its use primarily by leisure travelers.

The capacity controlled fare (up to 35 per cent of a flight's seats) replaces the previous hodgepodge of discounts, including small group, inclusive tour and weekend fares. This will greatly improve advertising and promotion effectiveness.

Commuter off-peak

The other discount (designated "K") is being phased in in several markets throughout the system. It's available on selected off-peak flights with no restrictions.

"We'll be expanding this program to other routes after we evaluate its success in the variety of initial markets to see where it works best," Gostyla said.

The fare is available:

- On Tuesdays, Wednesdays and Saturdays on all flights between California and Nevada and selected direct flights linking Washington and Oregon with Nevada.

- Between Seattle, Pasco, Yakima, Eugene, Portland and Spokane;
- On flights linking Tucson with Phoenix and San Diego; and
- Between Burbank and Phoenix, Tucson, Salt Lake City and Denver.

Grouping of the initial routes will allow more efficient use of advertising dollars. "We now can advertise our single 30 per cent discounts across the system," Gostyla said. "It was impossible before to support the multitude of discounts effectively."

(Continued on back page)

80-pilot Hughes Airwest Air Race Classic takes off June 24—Powder Puff successor

The nation's premier aviation event for women, which includes \$20,000 in cash prizes, has been renamed the Hughes Airwest Air Race Classic.

Velda King Mapelli of Las Vegas, head of the national organization governing the race, said the airline's interest and support will "breathe new life into an important part of U.S. aviation history."

The Classic, successor to the famed Powder Puff Derby, will start from McCarran International Airport, Las Vegas, on June 24.

The twisting 2,584-mile transcontinental race will test the skill of 80 pilots and copilots in 42 aircraft from throughout the country.

"We are proud to be part of the world's most sophisticated test for women pilots," said Russell V. Stephenson, president. "Their courage and skill should be admired and respected by everyone with an interest in aviation."

The first air derby for women was held between Santa Monica, Calif. and Cleveland in 1929. Placing third was the famed aviatrix Amelia Earhart. The race became transcontinental in 1947 under the auspices of the Powder Puff Derby. The Derby ended its annual sponsorship in 1976.

Contestants will have four days to complete the race. First

stop will be Grand Junction, Colo. The fixed route crosses mid-America by way of Casper, Wyo.; North Platte, Nebr.; Olathe, Kans.; Burns Flat, Okla.; Hot Springs, Ark.; and Gulfport, Miss. The finish is Destin-Ft. Walton Beach, Fla.

Members of the Ninety-Nines, an international organization for women in aviation, and their friends will assist along the route, timing planes between points and arranging overnight accommodations for their crews.

All contestants have an equal chance regardless of airplane size or power. Each aircraft type is assigned a speed based on its performance capabilities, which becomes its handicap.

Victory goes to the pilot who exceeds the handicap by the widest margin over the transcontinental course, according to Mapelli.

Ability to apply knowledge of plane, wind and weather will determine how cash awards and trophies are shared, she said.

The national organization she heads, Air Race Classic, Ltd., was formed after the Powder Puff Derby ended its sponsorship of the race. The new organization is comprised of 350 licensed women pilots from throughout the country.

June hearing for nine-city service to Minneapolis/St. Paul

Seven cities could get their first direct links with Minneapolis/St. Paul, plus reduced fares, if our bid gets the green light from the Civil Aeronautics Board.

Specifically, we are seeking authority to operate the first competitive non-stop service between the Twin Cities and Las Vegas and Phoenix. A hearing on this request gets under way June 8 in Las Vegas.

If approved by the CAB, these DC-9 flights would also serve Tucson and six airports in California: Burbank, Ontario, Orange County, Oakland, Sacramento and Fresno.

Terry Ashton, corporate planning vice president, expects more than 226,000 passengers would use the proposed Twin Cities-Las Vegas/Phoenix nonstops during their first year of operation. Up to six round trips a day are planned to Las Vegas and five to Phoenix.

Our new 30 per cent reduced excursion fare would be \$88 to Las Vegas and \$86 to Phoenix, or a \$74 round-trip savings to both cities.

An additional 140,000 travelers a year would directly benefit from the single-plane service beyond Las Vegas and Phoenix, Ashton said.

Oakland travelers would save \$88 in the cost of a round-trip ticket to Minneapolis/St. Paul. Savings would be \$84 from Burbank, Ontario, Orange County, Fresno and Sacramento and \$74 from Tucson.

The improved service from these cities would reduce the round-trip flying time from Burbank by nearly 2½ hours, from Fresno by more than 1½ hours, from Orange County and Tucson by more than an hour and from Oakland by nearly one hour.

The routes from the Twin Cities to Las Vegas and Phoenix are considered among the largest monopoly markets in the U.S. Western Airlines now flies both without competition.

'Still Growing'
Employee attended systemwide presentations on company developments and plans late last month. See inside.



Orange County Airport environmental options to get county board of supervisors review

An important first step has been taken in the future of Orange County Airport.

The county planning commission has accepted an environmental impact report for that facility.

The county board of supervisors is expected to receive the final report in June and hold hearings in mid-July before acting on its alternatives.

We have been without a lease there since 1972, when a Bonanza-signed agreement expired. This has made it impossible for us to expand or remodel facilities, increase service or upgrade the type of aircraft used at the airport.

Two of our 727-200s were intended for use at Orange County, our most productive station. It's our sixth busiest city in terms of boardings.

"And there's a great demand for more seats," said Mike Murphy, public affairs senior director.

Alternatives outlined by the report are:

- Allow the current number of daily departures to remain unchanged (we are allocated an annual average of 13.7 per day);

- Cut departures by 87 per cent (from 37.9 for all airlines to 4.7) in order to meet California noise standards;

- Allow an increase in passenger capacity either by permitting more

departures or by allowing carriers to use larger, quieter aircraft.

The severe economic losses to Orange County which would result from a cut in flights make it highly unlikely that alternative would be chosen, Murphy said.

(Continued on back page)

NEWS IN BRIEF

California-Alberta

We are preparing to begin nonstop service to Calgary and Edmonton from Los Angeles in July and from San Francisco in October following final approval of the new authority by President Carter on May 25. The CAB recommended, on May 4, that we get the routes.

Milwaukee/Des Moines

We will inaugurate flights linking Phoenix with Milwaukee and Des Moines on Sept. 6. Initial service will include one roundtrip a day, which also will serve Orange County.

Start-up was postponed from an earlier date pending the CAB's reaffirmation of its previous award to us. The board so voted 4-0 on May 5.

More 727-200s

The board of directors has approved purchase of two more Boeing 727-200s, for delivery in July and August of 1979. These are in addition to trijets already on order or option.

Two others are scheduled for delivery in March of next year, bringing the total to nine by the fall of 1979.

Operations/stations meet

Executives of the operations division and stations department will hold their annual meeting June 11-14 in Phoenix. Our fifth 727-200, *Spirit of Patriotism*, will be dedicated on June 14, in conjunction with the meeting.

TRANSITION

WELCOME ABOARD

Charles Howell, Robert Sugg, Eric Keller, Jerrold Henry, Rodney Cherrington and Eric Scruggs, first officers, Phoenix. **John Broekhuizen**, second officer, Phoenix. **Harvey Lalone**, **James Field**, **Clifton Lofthouse**, **Robert Martin**, **Dale Yost** and **William Bayman**, hangar maintenance technicians, Phoenix. **David Graham**, cleaner, Las Vegas. **Joseph Trusewicz** and **Jeffrey Jack**, station agents, Los Angeles. **Clarice Nasses**, secretary, word processing, Phoenix. **Audre Bredlow**, programmer, Phoenix. **Charles Heyrend**, overseas maintenance representative, Saudi Arabia. **William Stewart**, data base administrator, Phoenix. **William Roberts**, computer operations supervisor, Phoenix. **Charlie Batey**, maintenance analyst, Phoenix. **Virginia Emboden**, clerk typist, pensions & group insurance, San Mateo. **Rachel Gilman**, clerk typist, telephone sales, Los Angeles. **Susan Adams**, **Harree Martz**, **Helen Sklut**, **Cherie Dine**, **Dana McSweeney** and **Gloria Williams**, telephone sales trainees, Los Angeles. **Joyce Corrigan**, junior revenue accounting clerk, San Mateo. **Patricia Gosh**, **David Dusel**, **Patricia Wilson**, **Terry Kanat** and **Margaret Dufresne**, telephone sales trainees, San Mateo. **Susan Storm**, **Donna Boyd**, **James Balkowitsch** and **Eileen Porter**, telephone sales trainees, Seattle. **Robert Dugan**, telephone sales trainee, Phoenix. **Linda Schaedel**, corporate security, and **Susan Warner**, purchasing, secretaries, San Mateo. **Jack Vickers**, crew scheduler, Las Vegas. **Gregory Schmidt**, **David Lucas**, **Lynne Peck** and **Michael Harschman**, component overhaul shop technicians, Phoenix.

PROMOTIONS

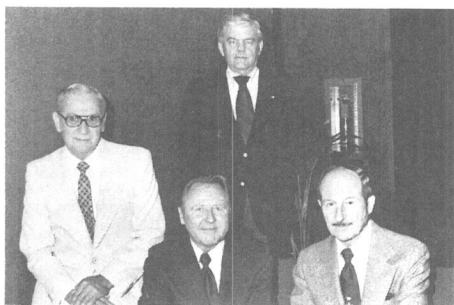
Shirley Moore to intermediate clerk, flight control, San Mateo. **James Noelle** and **Thomas McGrain** to check second officers, Las Vegas. **Ray Artolachipe** to assistant maintenance manager, San Francisco. **Roland Griffin** to lead maintenance technician, Orange County. **Grace Magis** to secretary, word processing, Phoenix. **Sheila Wolcott** to intermediate revenue accounting clerk, San Mateo. **Judy Johnson** to intermediate clerk, employment, San Mateo. **Joyce Backovic** to secretary, word processing, San Mateo.

RETIREMENTS

Lynn Myers, flight attendant, Las Vegas, after more than 12 years. She joined the company (Bonanza) in 1966.

HEIR FARE

To Rosaline and **Vincent Caparano**, station agent, Las Vegas; a boy, **Anthony Joseph**, 8 lbs. 2 oz.; April 27.



Retirees were honored April 19 at a headquarters luncheon: (from left) **Joe Bon Smith** (19 years), avionics director, Phoenix; **Arnold Carow** (31 years), captain, San Francisco; **Donald Burkhard** (30 years), captain, Seattle; and **Dennis Smilanich** (31 years), captain, Seattle.

Dirks named executive assistant

Robert W. Dirks has been promoted to executive assistant to the vice president of operations. He had been budgets and cost accounting manager since 1973.

He joined the company in 1968 as an analyst in the budget department.

Dirks, 32, attended the College of San Mateo and received a BA in accounting from San Francisco State University.

He was born in Holland and served in the U.S. Army in 1966-68.



Dirks

SERVICE ANNIVERSARIES

THIRTY YEARS

PHOENIX—**Kenneth Graham**, maintenance training supervisor. SAN FRANCISCO—**Ralph Kann**, captain.

TWENTY-FIVE YEARS

PORTLAND—**Richard Manning**, chief station agent. SAN FRANCISCO—**Arthur Kit-**

IN MEMORIAM

Lynn G. Chesshir, lead maintenance technician, San Francisco; May 12. He joined the company in 1947. He was 56.

William H. Levings, retired director of personnel services & EEO and president of the Retired Employees Association; May 4. He joined us in 1956 as an operations assistant and later served as personnel director, industrial relations director, corporate secretary and industrial relations assistant vice president. Since 1970, he has held several directorships in industrial relations and personnel. He was 63.

Arvin E. Reeves, father of **Leon Reeves**, station agent, Eureka; March 30.

Shizuichi Nakanishi, father of **Tadashi Nakanishi**, maintenance technician, Seattle; April 10.

Father of **Jerry Stiles**, lead maintenance technician, Las Vegas; April 15.

E. J. Minear, father of **Mike Minear**, station agent, Las Vegas; April 17.

Theo Koski, father of **Marian Wilson**, secretary, sales, Seattle; May 3.

Douglas Lamb, father of **Kent Lamb**, station agent, Phoenix; May 8.

H. A. Jensen, father of **R. A. Jensen**, chief station agent, San Francisco; May 16.

Turner Haley, father of **Evelyn Bagley**, flight attendant, Seattle; May 19.

Samuel R. Coffey, father of **Christine Coffey**, flight attendant, Phoenix.

Arvin W. Drischler, father of **Diane Drischler**, clerk typist, market development, San Mateo.

David Perry, father of **Sue Korbut**, flight attendant, Seattle.

telman, captain. SAN MATEO—**Richard O'Leary**, flight control coordinator.

TWENTY YEARS

SEATTLE—**James Moore**, ticket agent. RENO—**Peter Wakewood**, chief station agent. PHOENIX—**James Hawks**, lead hangar maintenance technician. **William Miles**, captain. **Carl Niki**, engine shop technician.

FIFTEEN YEARS

TUCSON—**Raymond Reigenborn**, station agent. SPOKANE—**David Nichols**, station agent. LAS VEGAS—**Bernard Keller**, CTO ticket agent. **Ralph Miner** and **Alfred Owen**, captains. SAN JOSE—**Raymond Helton**, chief station agent. PHOENIX—**Delbert Brown**, flight attendant. **Kenneth Armstrong**, station agent.

TEN YEARS

SAN DIEGO—**James Kerns**, station agent. TUCSON—**Charles Davies**, **George Bradley**, **Raul Saigado** and **Jack Murphy**, station agents. ORANGE COUNTY—**Michael Lee** and **Alan Kasubuchi**, station agents. SEATTLE—**Roberta File** and **Terrie Perry**, flight attendants. **Dennis Brannan**, **Thomas Fields**, **Robert Gehrman**, **Gene Kranc**, **Louis Nilssen**, **Dean Puckett**, **Richard Vanderweken** and **Roger Wood**, first officers. PHOENIX—**Joyce Shaffer**, telephone sales agent. **Donald Bachelder**, ground host. **Roberta Wilbanks**, flight attendant. **Phillip Brignall**, **James Hudgin**, **George Johnston**, **Jack Keller**, **Gary Pansier**, **Dwight Sissel**, **William White**, **Dana Billingsley**, **Jerome Cook** and **Arvin Schultz**, first officers. **Carmon Rowen**, avionics technician. **Salvador Chavez**, cleaner. **Catherine Griggs**, clerk typist, maintenance specifications. SAUDI ARABIA—**Bill Droke**, flight instructor. LAS VEGAS—**Paul Gaik** and **John McCarthy**, station agents. **Roberta Bodkin**, **Linda Jones** and **Jane Knoll**, flight attendants. **Laning Andrews** and **Kevin Kentler**, first officers. **Aaron Fell**, ground communications technician. SAN FRANCISCO—**Thomas McWay**, station agent. **Karen Berryman**, flight attendant. **Gary Lee**, **Dwayne McCosker**, **Daniel Perry** and **Terry Thompson**, first officers. SAN MATEO—**Mary Pedersen**, intermediate revenue accounting clerk. **Barbara Cox**, clerk typist, treasury.

Brush, Gagnard, Ulmer

promoted to manager

Three employees have been promoted to new manager positions. They are:

- Robert C. Brush, budgets and cost accounting;
- Carol A. Gagnard, inflight services administration; and
- David F. Ulmer, economic and regulatory planning.

Brush

Brush joined the company in 1973 as an intermediate accountant. He was named banking and investments manager in 1976 and financial analysis manager in March of this year.

Previously, he was an examiner with the Federal Reserve Bank in San Francisco.

Brush, 31, was graduated from the University of California at Berkeley with a bachelors in business administration in 1968 and a masters in finance in 1972.

He served as an officer in the U.S. Army and Army Reserves.

Gagnard

Gagnard most recently was customer service flight attendant training supervisor.

She joined the company in 1976 as customer service instructor.

Gagnard, 31, attended the College of San Mateo and San Francisco State University.

Ulmer

Ulmer has been senior analyst in regulatory affairs since joining the company in 1976.

Previously, he was a transport economist with States Steamship Company in San Francisco and taught political science at Regis College, Denver.

Ulmer, 30, received a BA in economics from Bradley University and a masters in international economics at the University of Denver graduate school of international studies.

FIVE YEARS

BAKERSFIELD—**Claus Assaturian**, station agent. SPOKANE—**Rick Brown**, station agent. GUADALAJARA—**Javier Arroyo**, senior passenger service agent. ONTARIO—**James Dickerson**, station agent. LAS VEGAS—**Marilyn Acres**, clerk typist, stations. LOS ANGELES—**Curley Horton**, telephone sales agent. PHOENIX—**Tommy Godwin**, hangar maintenance technician. **John Bassler**, avionics technician. SAN MATEO—**Joyce Kenney**, intermediate general accounting clerk. POCATELLO—**Donald Roberts**, station agent.

April boardings, RPMs, density third highest

We carried 21.3 per cent more passengers 18 per cent farther in April than in the same 1977 month.

Boardings at the 55 airports increased to 461,059 from 380,096 while the miles they flew rose to 198,313,240 from 168,043,076.

In terms of boardings, passenger

miles and density, it was the third best month in our history.

Cargo tonnage increased 15 per cent to 2,183 from 1,899 tons.

In addition to scheduled service, we flew 68 per cent more charter aircraft miles—177,120 versus 105,193.

Year-to-date

The number of passengers rose 25 per cent and the miles they flew increased 26.3 per cent during the first four months of 1978, compared with the same year-ago period.

Boardings advanced to 1,844,719 from 1,474,779 and passenger miles climbed to 809,095,330 from 640,315,455.

The tons of cargo boarded increased 15.9 per cent to 8,421 from 7,263.

Charter aircraft miles rose 32 per cent to 730,388 from 555,025.

(See Traffic Scoreboard for other performance statistics.)

APRIL YEAR-TO-DATE 727 PERFORMANCE

| | 1978 | 1977 |
|----------------------------|---------|---------|
| Scheduled service* | | |
| Passenger boardings | 94,891 | 66,969 |
| Load factor | 63.9% | 62.2% |
| Density | 99.1 | 96.3 |
| Average trip miles | 798 | 966 |
| *1978: YEG-YYC-LAS-LAX/PHX | | |
| Charter service | | |
| Passenger boardings | 24,437 | 18,910 |
| Charter miles flown | 257,832 | 183,164 |
| Average trip miles | 1,419 | 1,133 |

TRAFFIC SCOREBOARD

FINANCIAL RESULTS

| | April '78* | April '77* | % Change |
|-------------------------------|------------|------------|----------|
| Operating revenue—scheduled | \$24,123 | \$19,956 | +20.9 |
| —charter | 768 | 576 | +33.3 |
| Operating expense—scheduled | 22,316 | 19,103 | +16.8 |
| —charter | 744 | 537 | +38.5 |
| Operating earnings | 1,831 | 892 | |
| Non-operating earnings (loss) | (545) | (349) | |
| Provision for taxes | 537 | 33 | |
| Net earnings | 749 | 510 | |
| Year-to-date* | | | |
| Operating revenue—scheduled | \$97,623 | \$76,960 | +26.8 |
| —charter | 3,054 | 2,467 | +23.8 |
| Operating expense—scheduled | 90,381 | 73,987 | +22.2 |
| —charter | 2,981 | 2,323 | +28.3 |
| Operating earnings | 7,315 | 3,117 | |
| Non-operating earnings (loss) | (1,638) | (1,363) | |
| Provision for taxes | 2,303 | 107 | |
| Net earnings | 3,374 | 1,647 | |

*All data in thousands (add 000).

| | April 1978 | April 1977 | % Change |
|-------------------------|------------|------------|----------|
| Passengers | 461,059 | 380,096 | +21.3 |
| Revenue passenger miles | 198.3 mil. | 168.0 mil. | +18.0 |
| Available seat miles | 333.8 mil. | 304.6 mil. | + 9.5 |
| Load factor | 59.4% | 55.2% | |
| Passenger density | 56.9 | 51.5 | +10.4 |
| Average trip miles | 430.1 | 442.1 | - 2.8 |
| Cargo ton miles | 914,961 | 838,044 | + 9.2 |
| Cargo tons boarded | 2,183 | 1,899 | +15.0 |
| On-time performance | 89.8% | 85.6% | |
| Charter passengers | 12,374 | 14,851 | -17.0 |
| Charter miles flown | 177,120 | 105,193 | +68.0 |
| Employees | 4,570 | 4,165 | + 9.7 |
| Year-to-date | | | |
| Passengers | 1,844,719 | 1,474,779 | +25.0 |
| Revenue passenger miles | 809.1 mil. | 640.3 mil. | +26.3 |
| Available seat miles | 1,333 bil. | 1,185 bil. | +12.5 |
| Load factor | 60.7% | 54.0% | |
| Passenger density | 58.0 | 50.2 | +15.5 |
| Average trip miles | 438.6 | 434.2 | + 1.0 |
| Cargo ton miles | 3,580,120 | 3,149,530 | +13.7 |
| Cargo tons boarded | 8,421 | 7,263 | +15.9 |
| On-time performance | 82.3% | 81.9% | |
| Charter passengers | 50,262 | 60,093 | -16.0 |
| Charter miles flown | 730,388 | 555,025 | +32.0 |

Alcohol and drug dependency diseases focus of new program

An alcohol and drug dependency program has been launched by the company and its unions.

Seminars are being held for management and union representatives on how to offer meaningful help to those who might be alcohol or drug dependent and how to recognize it as a health problem.

"These dependencies are diseases which can be treated like any other,"

program chairman. "We hope employees will see this program as a great benefit in aiding them in their jobs as well as their personal lives."

The company has contracted with the Johnson Institute of Minneapolis to provide training, consulting and referral services for the program. The non-profit organization is experienced in handling these problems with airline employees.

"Job security or promotional possibilities will not be effected by a request for help or by accepting treatment," Hall emphasized. As diseases, group hospitalization and major medical insurance benefits are provided for employees as well as dependents.

Accrued sick leave and vacation benefits can be used for clinic treatment associated with the program.

that no employee should be inhibited from seeking medical assistance for disease related to alcohol or drug use any more than he or she would be if the disease was a heart condition," Hall said.

"We hope this program will eliminate all roadblocks to getting medical attention. We hope it also will encourage employees to recognize the problem and eliminate many of the unfortunate stereotypes which have been associated with the illness."

The educational program will continue through 1978. In July, all employees will receive a booklet entitled "Alcoholism, A Treatable Disease". This summer and fall, films on the topic will be shown throughout the system.

Also this fall, voluntary information

terested employees.

Union representatives and members of management will serve as group coordinators for each union. Hall is coordinator for management.

Several employees are already receiving assistance under the program, which was announced in January.

Others wishing assistance or information, for themselves or an immediate family member, should contact their supervisor, Hall or one of the program coordinators: Jeff Relth (southern coordinator), personnel manager, Phoenix; or Richard Camargo (northern), personnel services and EEO manager, San Mateo.

For anonymous assistance or referral, employees may call the employee programs coordinator at the Johnson Institute collect: (612) 544-4165.

'Still Growing'

The big difference: people

(Editor's note: More than 2,500 attended employee presentations in 30 cities late last month. As part of that program, a new film, Still Growing, about Hughes Airwest's development, growth and plans for the future was shown. It was introduced by a message from Russell V. Stephenson, president, which expresses many of the challenges—and hurdles—the company faces. It is printed here for the benefit of employees who were unable to attend and for those who would like to review the comments.)

* * *

The last five years have been preparation for the next five. Actually, there have been six, consecutive, profitable years—years which have brought us to double digit growth and a nearly all-jet fleet, 40 jets and more to come.

Not only were we the fastest growing airline in the United States this past year, we are still the only regional with 727-200 aircraft. These are records of which to be proud.

Thank you for making it possible—both to you who will hear this deeply felt thanks and to employees who can't be with us, together with the spouses of all. We've done it—done it in the sense of providing a solid foundation on which to go ahead to the next phase of our growth.

But before we talk about the next five years, one more "thanks" is necessary and it's to our board of directors and to Summa, our parent corporation. The successful rebuilding of the company and its super



Phoenix

growth could not have been accomplished without their unfailing support . . . unanimous support, I might add.

I can tell you that the enthusiasm and encouragement continues to be there in full force, a source of strength and guidance on which we can solidly rely as we face even more challenging times.

We in management clearly recognize that our unparalleled growth is straining our capacities, both personal and physical. I'm talking about the efforts you are making to support a load factor at or above 60 per cent—far above what we have done in the past.

Management has two choices in such a situation: We could add more people very rapidly—and then furlough them if our growth rate slows down as it did in 1975.

Instead, we decided to take the more difficult course by adding personnel at a gradual rate—one we can sustain. This gives consideration to your job security, but it also makes it necessary to ask you to make some sacrifices along the way in terms of working harder, as you are now doing.

Since we're all doing it together, and since it means a better opportunity for long-term employment stability, that's the course we've chosen—with your understanding and support, I hope.

Now about the future: Believe it or not, the future is today. We have been propelled into the future by the 180 degree course change—made virtually overnight—by the Civil Aeronautics Board.

After years of struggling to get a new route outside our existing system, we are likely to have available to us more than we can absorb. The CAB's route development moratorium has ended and we now find ourselves with new route awards—but there are backup airlines ready to move in in case we don't start that route on time. These multiple airline awards underline the CAB's current attitude, "let the fittest airline win!"

We are taking a positive view, because this course change means opportunities for Hughes Airwest. The important thing is to assess the risks as well as the opportunities.

I have been asked, "Why don't we take every route we can get?" Under today's new circumstances there's no way we could securely add every route that may be available to us. We couldn't get the financing for that much equipment, and our costs and safety requirements would get out of hand.

We don't want boom and bust; we want steady and substantial but secure growth. There is only one thing that enables us to buy additional airplanes for growth: profits. Financial institutions will let us borrow more money for equipment to the extent that we are continuously profitable.

Every penny of our profit is going to growth; none is going to Summa or to the Hughes estate. It's all being invested in your future: in flight equipment, new terminal facilities and the like.

So to the extent you and I keep this airline profitable, we will be able to add equipment for growth. We have added five airplanes in each of the last two years and we will add five in 1978. The debt load for those additional aircraft, plus existing debt, will total about \$100,000,000 by the end of this year.

That is a lot of debt for a company our size, but it reflects the confidence of our financial institutions, because of our six consecutive profitable years. It's called credibility, the same thing management is trying to earn from employees. Both have to be based on a good record . . . of results, trust and consistency.

The key to successful growth for this future period is in careful planning. We have a four point plan.

The first is nearing completion. It's a priorities evaluation system that will help us select the most beneficial routes. In general, the route objectives that appear to meet our long-term needs are to the Sun Belt States—New Mexico, Texas, Louisiana and beyond—where the greatest U.S. population is expected.

The second part of the plan is in our fare structure or pricing, as we call it. Doing our thing our own way, instead of using a trunk airline hand-me-down, we have developed a 30 per cent discount fare which, by year-end, will be available on all segments to all Hughes Airwest passengers. An important selling point is its simplicity.

In addition to the 30 per cent discount program, we're introducing business coach—offering more space without a lot of unnecessary frills. For this we will charge about 25 per cent more than our coach fare versus the excessive 63 per cent that first class costs today. Our frequent flyers tell us there is a need for this service and no one is offering it.

I have been asked why we are taking a row of seats out of our DC-9s for business coach when load factors are so high. It's a good question.

The higher than usual load factors are today. However, we will be facing additional competition by next spring—or perhaps as early as this fall, on many routes. At that point, we are going to need the competitive plus of business coach and any other inno-



Salt Lake City

variations we can come up with. We believe business coach will mean additional revenues, not fewer. The reduction in seats won't take place until the end of October—when our peak summer traffic is behind us. To further help we will be adding five of the 100-passenger DC-9s before this program starts.

The third part of our plan is how we can have an equipment advantage against our competitors. We now are retrofitting our DC-9-30 engines which will give them added thrust. For the 727-200s, we bought an engine with added thrust. We are adding auxiliary "snap-in" fuel tanks which—working together with the added thrust—will extend the range of each airplane by approximately 50 per cent.

This fleet upgrading will give us economic advantages when we compete in longer range markets. And that advantage includes using less fuel than our competitors. This is an innovative program designed for our existing and future route system. We're the only airline today that has these advantages.

And finally, and equally important, is our fourth point: service quality. We have already completed many important projects improving our service. Nevertheless, service quality is going to require constant attention and upgrading.

More and more we are properly turning to employees—individuals, groups and committees—to help management in the design of things we can do, do well and do consistently.

Within the next five years we will face competition from every type of airline: the large carriers, the PSAs, the internationals like Pan Am, perhaps even the supplementals like World Airways.

Air transportation is in a new era of competition. But, you know, only one thing will really set airlines apart—the people—the personnel of the individual airline. There's not much difference in airplanes—their speed, even comfort, there's not much difference in fares, or food. The big difference, and the test of our ability to have a successful next five years will be you and me, the employees of Hughes Airwest.

May we show the same spunk and effort, and continue the improving pride in serving our customers as we all have in the last five years. Your security and mine depends on that teamwork improvement.

Los Angeles



The monthly assembly of newspaper, magazine and trade articles about the company has been discontinued. It was started almost eight years ago.

"The report served a very good purpose," according to Lee Pitt, public relations staff vice president. "However, a recent spot check with cities throughout the system revealed that it was not as important a communications tool as when the company was younger."

The report contained samplings of press coverage—favorable and unfavorable—received nationwide by the company. It was distributed system-wide for posting.

The public relations department will continue to distribute key clippings to appropriate personnel.



Pat O'Grady and daughter, Kathleen, 6. His wife, Martha, is a former West Coast flight attendant.

Letters get trophy for 34 more employees

Thirty-four employees have received the "Top Banana" trophy for their fifth mention in complimentary letters from customers. They are:

- Juan Llanes, passenger service agent, San Jose del Cabo—the first Mexico employe to win the award;
- Rod Cillo, chief ticket agent, Las Vegas;
- John Denys, chief station agent, Sun Valley;
- Vernon Keefover, station agent, Sacramento;
- Danny Richards, telephone sales

Challenges and roles of retirement topics of new employe seminars

Preparing for what might be a dramatic change in life style is the idea behind the company's new program for employes approaching retirement.

The program consists of eight two-hour sessions with specialists from outside the company.

Topics include: the challenge of retirement, health and safety, housing and location, legal affairs, attitudes and role adjustments, meaningful use of time, sources and amounts of income and financial planning.

The program is developed by Action for Independent Maturity (AIM), a division of American Association of Retired Persons. Anell Spencer, pensions and group insurance representative, received AIM discussion leader training and is coordinating the seminars.

Initial sessions are now being held at international headquarters. Additional programs will be planned for throughout the system.

Sessions are conducted with no more than 24 participants (including spouses) to encourage discussion. Employes within 10 years of retirement are the first to be invited. Participation is not mandatory.

Further information is available from the pensions and group insurance office, San Mateo.



OOPS!—The "real" John Walker, Phoenix cleaner, washes a plug-in tray as Shirley Rhead, lead cleaner, looks on. The employe identified as Walker in a photo in last month's issue was actually Don Maddock, now a component overhaul technician.

Oregon Air National Guard when he accepted a new "command".

He now is regional flight director in Las Vegas, replacing Jack Brasher, who has returned to the line.

O'Grady, a guard brigadier general, had been a Las Vegas 727 check captain. He has been with the company since 1946 and started his second career with the guard in 1954.

But his military career dates back nearly 35 years. Records show he's logged more flying time (33,650 hours) in more aircraft (107 types) than any other military pilot.

While commanding officer of the Oregon Guard's 142nd Fighter-Interceptor Group, the unit won more major awards than any other air defense squadron in the country.

'YES FOR LESS' . . .

(Continued from front page)

The commuter program is flexible, allowing us to revise applicability of the discount as flight schedules, traffic and competition change.

Gostyla said the limited start-up also will give the company time to educate those who deal with them most—travel agents.

"We expect the discounts to have a significant effect on revenues," Gostyla said. "The fact that we're putting them into effect in monopoly as well as competitive markets shows the strength of our conviction."

The discounts are off regular coach fare, which is now designated "Y". It has been changed from "S" in order to be directly comparable with competitors' designations.

Designations for California and Nevada intrastate fares have been changed to "K".

Off the slopes . . .



1977-78 Ski Ambassadors were honored and discussed programs for the 1978-79 season at a luncheon May 13 in San Francisco. Pictured are (from bottom, left to right); Bob Bohna, captain, Las Vegas; Diane Perchonock, telephone sales agent, San Mateo; Lita Bookland,

flight attendant, Las Vegas; Cathy Allen, ticket agent, San Francisco; Carol Wade, flight attendant, San Francisco; Brad Bishop, maintenance technician, Las Vegas; Paul Shoaff, sales & service manager, Twin Falls; Judy Reilly, telephone sales agent, San Mateo; Gil Roman, tour development manager, San Mateo; Valerie Lormer, ticket agent, San Francisco; Gordon Herpst, maintenance technician, Las Vegas; Jenny Bishop, sales promotion manager, San Mateo; Marilyn Hoppe, telephone sales agent, San Mateo; Diane Drischler, clerk typist, San Mateo; Kip Wharton, sales & service vice president, San Mateo; Sarah Wharton; Barbara Knutson, telephone sales agent, San Mateo; and Joe Journiette, district sales manager, Orange County. Twenty-four other ambassadors were unable to attend. Drischler coordinated the volunteer program this year. They assisted skiers on Sun Valley trips.

"More departures with current aircraft would obviously increase noise," Murphy said. "Our use of 727s would ease the pressure on the airport authority to increase departures."

We link Orange County nonstop with Las Vegas, Phoenix and Salt Lake City. It is served by two other airlines—Air California, an intrastate carrier, and Golden West, a commuter. However, it also is the busiest airport in the U.S. in terms of non-commercial aircraft operations.

Our flights have been operating at a load factor averaging 70 per cent. "At that average, we're not meeting traffic demand nor serving the traveling public properly," Murphy said.

The planning commission held several hearings before accepting the 900-page EIR report. At the final hearing this April, Russell V. Stephenson, president, testified:

"We are not talking about attracting new passengers at Orange County Airport, but for the first time we are having difficulty providing adequate service to existing passengers because of high load factors and the condition of our facilities there."

Company and Boeing representatives testified on the impact of the 727 during hearings last year.

Orange County has long been the scene of legal battles over noise, especially with homeowners. However, a majority of the people who use the airport live in Orange County, many in the noise-sensitive areas. The city of Newport Beach has been the strongest opponent to the airport.

Our current Orange County service includes direct flights to Denver, Tucson, Reno and Northwest cities.

HUGHES AIRWEST

International Airport
San Francisco Calif. 94119

21862-4530-377 WA SEA

EDWARD E RIEDERICH JK
2702 FIRST AVE WEST
SEATTLE WA 98119

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