

727s get noise test

Our 727 flagships are operating at Orange County Airport under a demonstration program which will last up to three months.

The experiment was proposed by the company to show the economic and environmental benefits of the advanced trijet. The county board of supervisors approved the plan early this month.

The 727 flights were begun Dec. 15 on roundtrip service to Phoenix and Las Vegas and Edmonton. The two arrivals and two departures are all between noon and 6 p.m.

Orange County has long been the scene of battles over airport noise. The company has maintained that the 727 was suited for the airport in that the total area impacted by noise during takeoff will be no more than by the DC-9, while helping meet the demand for capacity with about 50 percent more seats.

An airport environmental impact report approved in September called for further environmental documentation on the trijet, which fully meets federal noise standards (F.A.R. 36).

In its proposal for the demonstration, the company maintained that noise would actually be reduced in major (Continued inside)

Terry R. Ashton elected to company's board of directors

Terry R. Ashton, vice president of corporate planning, has been elected to Hughes Airwest's board of directors.

He joined the company in 1967 as market development director and was named market research and development director in 1968. He was a named planning director in 1971 and promoted to senior director of planning later that year and planning staff vice president in 1973.



Ashton

He was elected vice president of planning in 1974 and promoted to his present post last year.

Other company officers on the 12-member board are Russell V. Stephenson (Continued on back page)

Season's Greetings

This month marks the 75th anniversary of manned, powered flight—and never before has the U.S. airline industry ended a year in such state of transition. It's an all new ballgame.

Your loyalty and dedication in the past will be of even greater importance in the year ahead. We have shown that people make an airline great. YES, the times demand that we make it greater.

With heartfelt thanks, on behalf of the board of directors and officers, I wish you and your family the merriest of Christmas seasons and a joyous new year.

Russell V. Stephenson

Russell V. Stephenson
President



See you in February . . .

This publication will be issued bi-monthly (every other month) from now on as a further cost-saving move.

The company's Teleflash system will be utilized more to keep employees informed of timely developments.

The next issue of this publication will be distributed in early February.

Philippines and Ivory Coast join overseas aviation assistance program

Two more countries—the Philippines and the Ivory Coast—have called on Hughes Airwest for its expertise in aircraft maintenance and flight operations.

Robert K. Jorgensen, staff vice president of international technical services, will assume the position of deputy chief executive-operations for Philippine Airlines as part of our overseas aviation assistance programs.

His responsibilities in Manila include maintenance and engineering, flight operations, aircraft purchasing and ground equipment, involving a workforce of more than 4,000. Hughes Airwest will supply further support and back-up as needed.

The agreement is for three years with options to extend. Philippine Airlines has 46 aircraft serving such cities as Rangoon, Honolulu, San Francisco, Sydney and Tokyo. Its fleet

includes three DC-10s and it has three 747s and two A300 Airbus on order. The company has 7,500 employees.

The Ivory Coast agreement is with that country's director of general and civil aviation. It calls for total pilot training of four Ivory Coast citizens.

The company has subcontracted the technical English and non-airline flight training to Embry-Riddle Aeronautical University, which has campuses at Daytona Beach, Fla., and Prescott, Ariz.

Following the Embry-Riddle training, the four will attend our pilot ground and flight training school in Phoenix.

"This is a new concept," said Arthur M. Taylor, vice president and general counsel. "We have been trying for some time to put together one-contract total training for non-U.S. (Continued on back page)

Suspension notices filed for Bakersfield, Medford, Guaymas and Guadalajara

We have filed notices with the CAB that the company intends to suspend service to Bakersfield, Medford, Guadalajara and Guaymas.

The action is under provisions of the airline deregulation act which allow carriers to end service in some cases on 90 days notice.

We began service to Medford in 1946, Bakersfield in 1956, Guadalajara in 1971 and Guaymas in 1973.

Similar action was previously announced (Continued on back page)

NEWS IN BRIEF

Business Coach

We carried 47,528 passengers in Business Coach in November, representing more than 10 percent of our total boardings.

Load factor—the percentage of seats filled—was 35.5 percent compared with 31.3 percent in October.

The November figures exceed the company's forecasts for the second month of operation of the new section on DC-9s.

DC-9-80s

Hughes Airwest is placing a fully refundable deposit on 1980-81 delivery positions for six DC-9-80s. Following full economic evaluation, a decision will be made whether or not to place a firm order.

Phoenix base

The Phoenix city council awarded the contract for expansion of our maintenance and engineering facility on Dec. 5.

The council was expected to issue a formal notice to proceed with the project (Continued on back page)

What you might like to know about . . .

Our two newest airports reflect quite a contrast: Denver's Stapleton is the second busiest airport in our system and the first large hub airport to be added to it in nearly 20 years; Houston's Hobby has been un-

derutilized for nearly 10 years. This article, compiled from several sources, discusses general statistical aspects of these new destinations, compared with other cities we serve.

same as Sacramento or Milwaukee.

Climate—Temperature ranges are: spring, 29-80; summer, 51-92; fall, 18-68; winter, 13-55. It snows an average of 18 days a year and rains 68.

Principal employers—Government, food, ordnance (Continued inside)

DENVER



Denver

Population—492,000 (26th largest city in the U.S.), greater than Portland and smaller than San Jose or Seattle in population.

More than half of Colorado's population lives in Denver's seven-county metropolitan area—nearly 1.5 million people (21st in the U.S.), which is more than the Seattle or Milwaukee areas and fewer than Orange County or the San Diego area. It's the primary retail shopping point for an estimated 1.7 million people.

Denver (which is also Denver County) is the capital of Colorado. The state was the eighth fastest growing in population in 1970-77. (Four which grew faster also are Rocky Mountain states in our system—Arizona, Nevada, Idaho and Utah; the other three are Alaska, Florida and Wyoming.)

Location—10 miles east of the juncture of the plains and the Rocky Mountains. Its altitude is 5,320 (thus the nickname "Mile High City"), the highest on our system. The city covers 95 square miles, about the

HOUSTON



TRANSITION

WELCOME ABOARD

Stephen Slanczyk, Robert Gardner, Robert Casteen and Dennis Zamaria, station agents, Los Angeles; **Fred Grimes** and **Terry Cottingham**, station agents, Burbank; **Kingsley Chew**, station agent, San Francisco; **Richard Danney**, cleaner, Salt Lake City; **Richard Galentine**, cleaner, Orange County; **Dennis Baltzell**, stock clerk, Phoenix; **Jeffrey Bennett**, **Randy Melquist**, **Robert Stanton**, **Jerry Kraust**, **Barry Barshel**, **Robert Wilson**, **Timothy Kranz**, **Robert Skrdia**, **Harold Sheldon**, **John Noffsaker**, **Steven Sullenrup**, **Keith Bangrower** and **Randall Kempf**, first officers, Las Vegas; **Terry Blake**, **Edward McKelvey**, **Jimmy Vickers**, **David White**, **Douglas Dyns**, **John Camalick**, **Clarence Mansfield**, **Michael Schuller**, **James Matka**, **David Jankowski** and **Steven Erickson**, first officers, Phoenix; **Michael Timm**, **Gavin Johnson**, **Harold Miller**, **Jeffrey Schyman**, **Jonathan Laube**, **William Whitlow** and **James Floring**, second officers, Las Vegas; **Patricia Ireland** and **Laurie Vogt**, executive secretaries, president's office, San Mateo; **Lawrence Wayne**, auditor, San Mateo; **Joann Melnick**, claim adjuster, San Francisco; **Linda Wei**, **Doris Hasegawa** and **Kathleen Buckele**, junior revenue accounting clerks, San Mateo; **Patricia Cabano**, junior general accounting clerk, San Mateo; **Richard Crane**, station agent, Bakerfield.

PROMOTIONS

Diane Drischler to charter representative, San Mateo; **Carol Wimmer** to flight attendant assistant manager, Seattle; **Ronald Matz** to supply analyst, Phoenix; **Peggy Robleson** to secretary, legal, San Mateo; **Orpha Swift** to senior general accounting clerk, San Mateo; **Evelyn Ohira** to intermediate general accounting clerk, San Mateo; **Susan Day** and **Jeanette Dreyer** to intermediate revenue accounting clerks, San Mateo; **Herbert Spencer**, **Jessica Depina** and **Barbara Howery** to chief telephone sales agent, Seattle; **Mary Key** to chief telephone sales agent, Phoenix; **Jeanne Lester** to data processing control clerk, Phoenix; **Richard Vaux** to lead maintenance technician, Orange County; **David Mearing** to lead quality control technician, Phoenix; **David Masde** to flight instructor, Phoenix.

RETIREMENTS

Bill Haas, captain, Las Vegas, after 32 years with the company. He joined Southwest in San Francisco in 1948 and has been based in Las Vegas since 1976.
Dean (Barney) Barnett, captain, San Francisco, 31½ years. He started as a courier with Southwest in 1947 and became a pilot in 1948.
Wall Mahoney, captain, Las Vegas, 25 years. He joined Bonanza in 1953.
Mary Nelson, secretary, public affairs, Phoenix, 12 years.
Ann Watson, intermediate general accounting clerk, San Mateo, 10 years.



Twenty-six flight attendants were graduated Nov. 15 in ceremonies at international headquarters.

Edwin N. Altman, vice president of operations, was guest speaker. The students were introduced by Jeanne Kureltz, customer service training supervisor, pinned by their instructor, Susan Maloy, Phoenix flight attendant, and received their diplomas from Pam Flores, training coordinator and Phoenix flight attendant.

Pictured are (kneeling, from left, with hometown): **Larry Hansbrough**, Tempe, Ariz.; **Debra Blakley**, Las Vegas; **Eileen Eisen** (previously with TIA), Scottsdale, Ariz.; **Dolores Turner**, Fairfield, Calif.; **Diane Sanders**, Mountain View, Calif.; **Jolene Farnham**, San Rafael, Calif.; **Robert Weleba**, Phoenix.

Seated: **Jan Stetanki**, Maricopa Park, Calif.; **Catherine Poloni**, Tempe, Ariz.; **Carmen Morrissey**, Phoenix; **Debra Grewal**, San Mateo; **Jan Hollinger**, Foster City, Calif.; **Cathy Mayberry**, Phoenix; **Barbara Bunnell**, Mesa, Ariz.; **Camille Rodriguez**, San Francisco; **Sheila Esell**, Tucson.

Standing: **Gayle Herwick** (previously with TWA), Oakland; **Julie Miller** and **Maureen Pulman**, Phoenix; **Janet Marshall**, Corte Madera, Calif.; **Martin Leon**, Tucson; **Leslie Daiglish**, Phoenix; **Marva Brandon**, Chico; **Trudy Gibbs** (previously with Braniff), Tempe, Ariz.; **Rebecca Steffen**, Phoenix; and **Kathy Houston**, Fresno.

Gayle Herwick was class valedictorian. All were assigned to the Las Vegas domicile.

Johnson, Rancken, Afaganis and Thompson managers—supply, taxes, district sales, MIS

Bobby J. Johnson has been promoted to supply manager, Phoenix.

He joined the company in 1966 as a cleaner and later was a store clerk and parts expeditor. He has been supply supervisor in San Francisco since 1975.

Johnson, 35, studied education at Arizona State University and industrial management at the College of San Mateo.

John T. Rancken has been promoted to corporate taxes manager.

He has been tax administrator since joining the company in 1973.

Previously, he was tax manager for Southern Airways in Atlanta and worked for General Electric Nuclear Energy Division in San Jose. He served as an officer in the U.S. Navy in 1967-70, including service in Vietnam.

Rancken, 38, studied management at the University of Florida and Okla-

homa Baptist University and earned an MBA from San Jose State University.

Dick Afaganis is our new Edmonton district sales manager.

He has worked for Soagrams/Fl. Garry Distillers Ltd., Canada, for the past 12 years, most recently as general sales manager.

Afaganis, 39, studied at UCLA and Eastern Washington State College. He was born and raised in Alberta.

Glenn L. Thompson has joined the company as advanced systems planning manager in management information services (MIS), Phoenix.

Most recently he worked for Boeing Computer Services in Seattle. Before that, he was with Alaska Airlines and with IBM in Denver.

Thompson, 36, received a B.A. in mathematics in 1965 from Northwest Nazarene College in Idaho.

SERVICE ANNIVERSARIES

TWENTY YEARS

PHOENIX—**Carl Brechbill**, lead avionics technician; **John Yates**, captain; **Lloyd Brady**, avionics maintenance supervisor; **Margaret Phillips**, ticket agent. PORTLAND—**Henry Schmitt**, maintenance technician. SAN FRANCISCO—**Frank Peck**, cleaner. EUGENE—**Ernie Bear**, station agent. SPOKANE—**Earl Downing**, station agent. ORANGE COUNTY—**Mike Aland**, assistant station manager. SEATTLE—**Lloyd Bass**, telephone sales agent. LOS ANGELES—**Joan Gagel**, chief telephone sales agent. SAN MATEO—**Bob Brandis**, station procedures manager; **Paul Reynolds**, baggage & cargo services manager.

TEN YEARS

SAN MATEO—**Fay Minto**, secretary, planning; **Pat Smith**, intermediate general accounting clerk; **Michael Catlin**, charter specialist; **Glenda Lujan** and **Judy Lozada**, intermediate revenue accounting clerks. PHOENIX—**Paul Aguilera**, computer operator; **Robert Mitchell** and **Harry Saunders**, hanger maintenance technicians; **Dennis Soucy**, **Donald Shire**, **William Bates**, **David Duering** and **Kenneth Rorabaugh**, avionics technicians; **Donald Madlock** and **James Pointer**, component overhaul technicians; **Fred Aragki**, accessory overhaul technician; **Ella Buford**, telephone sales agent; **Hugh Schneider**, ticket agent; **Marlyn Bancroft**, flight attendant; **IRAM—Theodore Ortiz**, maintenance representative; **LAS VEGAS—Emilio Ordonez**, quality control technician; **Michael Taylor**, ticket agent. SALT LAKE CITY—**Thomas Kracka**, lead maintenance technician; **Norman Kowalski**, station agent. LOS ANGELES—**William Blagdon**, maintenance technician; **Steven Lanes**, station agent. SEATTLE—**Marilyn Duff**, telephone sales agent; **Denise Doyle-McDougal**, ticket agent. SAN FRANCISCO—**Mitchell Underwood** and **John Yuan**, station agents; **Jerry Griffith**, regional marketing manager; **Linda Homer**, clerk typist; station; **Kathleen Kirk**, flight attendant. OAKLAND—**Rob Eidenhour**, station agent. NORTH BEND—**Donald Lovell**, station agent. ORANGE COUNTY—**Ban Honorol**, station agent.

FIVE YEARS

MAZATLAN—**Labor Medrano**, passenger service agent; **Miguel Furichi** and **Santos Osuna Arias**, porters. SAN MATEO—**Janis Scott**, chief telephone sales agent; **Marcia Matoza-McCallian**, telephone sales agent. GUAYMAS—**Jorge Carreno**, passenger service agent; **Jose Vazquez**, porter. LAS VEGAS—**Karen Turner**, flight attendant. PHOENIX—**Marina Glezar**, **Brian Salwick**, (Continued on back page)

HEIR FARE

To the **Baileys**, **Joan**, San Francisco flight attendant, and **Tom**, charter sales manager, San Mateo: a boy, **David Thomas**, 9 lbs, 4 oz.; Dec. 5.

To **Cathy** and **Bob Boyd**, flight instructor, Phoenix: a boy, **Christopher Scott**, 7 lbs, 10 oz.; Nov. 18.

To **Bonita** and **R. J. Vidlak**, station agent, Tucson: a girl, **Amanda Nicole**, 9 lbs, 7 oz.; Oct. 21.

IN MEMORIAM

Robert A. Hemphill, maintenance technician, Las Vegas, Nov. 29. He joined the company in 1969. He was 38.

Phyllis White, mother of **Candace Gabel**, telephone sales agent, San Mateo; Nov. 30. **Norman Petty**, father of **Jeff Petty**, station agent, Las Vegas; Nov. 21.

P. L. Sondry, father of **Joe Vieti**, inventory control manager, Phoenix; Nov. 15. **Anna Lichtenauer**, mother of **Chris Richter**, cleaner, Seattle; Nov. 10.

Henry Getty, father of **Colleen Shrum**, ground hostess, Las Vegas; Nov. 11. **Angelo Ghelli**, father of **Robert Stecca**, production control analyst, Phoenix; Nov. 7.

Joseph A. Ventimiglia, father of **Carla Ventimiglia**, supply analyst, Phoenix; Nov. 7. **Bernice E. Andrie**, mother of **George Andrie**, senior supply analyst, Phoenix; Nov. 5.

Linda Tucker, daughter of **Billie Moore**, senior revenue accounting clerk, San Mateo; Nov. 1.

James D. Katring, father of **Raymond Katring**, station agent, Grand Canyon; Oct. 30. **Jean M. Beckley**, wife of **Pat Beckley**, flight instructor, Phoenix; Oct. 29.

V. Gorm Neisen, father of **Kirsten Ayres**, ticket agent, San Francisco; Oct. 12.

TRAFFIC SCOREBOARD

	Oct. '78	Oct. '77	% Change	Nov. '78	Nov. '77	% Change
Passengers	485,723	423,371	+14.7	498,409	428,437	+16.5
Revenue pass. miles	202.7 mil.	171.5 mil.	+18.2	200.1 mil.	179.5 mil.	+11.5
Available seat miles	353.7 mil.	399.9 mil.	+ 8.2	353.7 mil.	323.3 mil.	+ 9.4
Load factor	57.3%	52.5%		56.6%	55.5%	
Passenger density	82.0	80.0	+ 2.0	51.8	53.1	- 2.8
Average trip miles	417.4	405.0	+ 3.1	426.8	418.9	- 1.7
Cargo ton miles	1,100,209	874,146	+25.9	1,062,529	874,739	+21.5
Cargo tons boarded	2,513	2,323	+24.2	2,413	1,598	+20.9
On-time performance	81.8%	86.6%		78.5%	88.1%	
Charter passengers	17,797	13,987	+27.1	16,932	10,812	+66.6
Charter miles flown	192,258	149,034	+24.5	188,825	110,315	+72.1
Employee	5,008	4,314	+16.1	5,042	4,370	+15.0
	Year-to-date			Year-to-date		
Passengers	4,910,690	5,978,722	+23.4	5,380,099	4,407,159	+22.1
Revenue pass. miles	2,067 bil.	1,659 bil.	+24.5	2,267 bil.	1,839 bil.	+23.3
Available seat miles	3,443 bil.	3,055 bil.	+12.7	3,737 bil.	3,419 bil.	+9.1
Load factor	63.0%	53.6%		59.7%	53.8%	
Passenger density	57.2	50.2	+13.9	56.8	50.5	+12.1
Average trip miles	423.9	417.1	+ 1.6	421.3	417.3	- 1.0
Cargo ton miles	13,046 mil.	8,277 mil.	+21.4	11,108 mil.	9,161 mil.	+21.4
Cargo tons boarded	23,578	19,046	+24.3	26,091	21,042	+24.0
On-time performance	84.5%	85.4%		84.1%	83.9%	
Charter passengers	140,551	117,835	+19.3	157,483	120,447	+28.6
Charter miles flown	1,662 mil.	975,318	+60.5	1,752 mil.	1,084 mil.	+61.7

YEAR-TO-DATE 727 PERFORMANCE

	1978	1977
OCTOBER		
Scheduled service*		
Passenger boardings	227,103	168,257
Load factor	84.5%	48.1%
Density	84.5	75.5
Average trip miles	648	785
*10/18: PHX LAS YYC/YEG/OAK/SJC		
Charter service		
Passenger boardings	102,825	47,090
Charter miles flown	1,322,583	503,235
Average trip miles	1,532	1,281
NOVEMBER		
Scheduled service*		
Passenger boardings	250,585	185,448
Load factor	53.7%	48.8%
Density	83.2	75.1
Average trip miles	633	783
*11/78: PHX LAS YEG/OAK/SJC		
Charter service		
Passenger boardings	118,083	51,725
Charter miles flown	1,301,507	555,933
Average trip miles	1,532	1,308

PHOENIX AIR HOUSTON...

and metal products, machinery, printing and publishing, textile/leather/apparel, rubber products.

Income—The area's median household effective buying income (EBI—disposable income) is \$16,465 (ranked 80 out of 300 U.S. areas)—about the same as the Las Vegas and Salt Lake City areas.

Air transportation—Denver's Stapleton International Airport (DEN) was the seventh busiest airport in the U.S. in 1977 in terms of passenger boardings. Only one in our system, Los Angeles, boarded more. Because of its central location, it is a major connecting point for transcontinental and north-south travel. It ranked sixth in scheduled aircraft departures (122,000, about 21,000 more than San Francisco). Stapleton is served by 24 scheduled airlines.

Houston

Population—1,561,000 (5th largest city in the U.S., after New York, Chicago, Los Angeles and Philadelphia).

Its six-county metropolitan area has nearly 2.5 million people (11th in the U.S.), which is more than Orange County or the San Diego area. Only two areas



Nick Newman has been named station manager for Houston. He had been assistant station manager in Phoenix since 1974. Before that, Newman, 41, was an agent in Seattle, Medford and Phoenix. He joined the company in 1968.

Gene Pepper has transferred to Denver as station manager. Previously, Pepper, 30, was station manager in Des Moines (since September) and El Centro and an agent in Ontario, Eureka, Salt Lake City, Las Vegas and Grand Canyon. He joined us in 1968.



The nearby Galveston-Texas City metropolitan area has an additional 195,000 people.

Location—On the Houston Ship Channel, 23 miles from Galveston Bay and 50 miles from the Gulf of Mexico. The city covers 434 square miles, which is a little smaller than Los Angeles.

Climate—Temperature ranges are: spring, 30-80; summer, 65-95; fall, 36-70; winter, 28-65. It's hot an average of 82 days and rains 107 days a year.

Principal employers—Services, wholesale and retail trade, manufacturing (metal, machinery, chemicals, refining), government, construction.

Income—The area's median household effective buying income (EBI—disposable income) is \$18,021 (ranked 28th out of 300 U.S. areas). Only two areas in our system — San Jose and Orange County — have higher household EBIs.

Air transportation—Houston's convenient but underutilized Hobby Airport (seven miles from downtown versus Intercontinental's 22) is served by three airlines: Southwest and Chaparral, which link Hobby with eight other Texas airports; and Universal Airways, which flies between Hobby (HOU) and four cities in Louisiana, including New Orleans.

Gene Empey heads Las Vegas station

Gene R. Empey has been named station manager at Las Vegas, our busiest station.

He has been assistant station manager there since January 1977 and was assistant manager for customer service in 1973-76.

Empey, 34, joined the company as a station agent in Inyokem in 1967. Later he was an agent in Fresno and Bakersfield



Empey

and regional stations instructor in Los Angeles.

He also served as stations advisor to our overseas aviation assistance program in Liberia.

Empey earned a degree at Merced (Calif.) Junior College and attended Fresno and Bakersfield State Colleges and Airline Schools Pacific, Long Beach.

San Mateo

Dr. Alfred A. Marquez new medical director

Dr. Alfred A. Marquez, a prominent San Francisco surgeon, has joined Hughes Airwest as director of medical services.

He has been in private practice in San Francisco for 18 years.

Marquez, 53, received a degree in physiology at Stanford University and his doctor of medicine at the University of Louisiana. His surgical residency was at the University of Pennsylvania Graduate School of Medicine.

He is a Diplomate of the American Board of Surgery, an immediate past member of the national advisory committee of the Food and Drug Administration, a regent of the Uniformed Services University of the Health Sciences and a member of the board of directors of Lincoln University.

His office hours at International headquarters in San Mateo are 10 a.m. to 1 p.m. on Tuesdays and 10:30 a.m. to 1 p.m. on Thursdays.

Barna S. Szabo directs public affairs for the Southwest

Barna S. Szabo has joined the company as regional director of public affairs for the Southwest.



Szabo

He is based at our Los Angeles regional headquarters in El Segundo.

Szabo, 37, has been chief deputy to Los Angeles County supervisor James A. Hayes since 1973. Before that, he was an assistant professor of political science at Long Beach State University.

He earned a master's degree in political science and government at the University of Virginia.

Szabo is a member of the executive council of the American Society of Public Administration.

ORANGE COUNTY...

(Continued from front page)

residential areas, compared with the DC-9, and that the greatest noise during takeoff would be in compatible land areas near the airport.

The trijet also would be less noisy during approach and affect a substantially smaller area than the DC-9 or any other commercial jet operating at the airport.

The board of supervisors will review the test data monthly, if after any of these evaluations it finds that the trijets are "clearly noisier" than the DC-9 or that a greater area is affected, it may give notice to terminate the flights within 45 days.

At the end of three months, the board will decide whether to end or continue the test or allow us to continue operation of the 727 there on a regular basis.

Because of noise, the county has limited the number of aircraft departures. The 727 has 60 more seats than the DC-9-30, thus increasing capacity while not increasing frequency.

Load factors (percentage of seats filled) on flights linking Orange County with Las Vegas and Phoenix are consistently in the mid to high 70s, compared with 60 percent or less system-wide. Some Orange County flights operate at a 90 percent or higher load factor.

We know the rules

Regulatory reform's bottom line

President Russell V. Stephenson recently addressed the Milwaukee Rotary Club and the Spokane Chamber of Commerce. Following are excerpts from those speeches dealing with airline deregulation and its effect on Hughes Airwest and the industry.

... I am being offered a unique opportunity to speak here today before an audience knowledgeable in business, economics and, as customers at least, in commercial air transportation. Occasionally I meet with community groups that lack even the most basic insights necessary to fathom the complexities of our business...

Our industry has suddenly found itself catapulted from a once restriction-bound environment into an exciting new competitive regime created by dramatic and sweeping regulatory reform changes.

Let me summarize at the outset—and in lay language—the result of the 180-degree turn taken by the Civil Aeronautics Board under the new regulatory reform changes that Hughes Airwest has long and enthusiastically supported:

- The CAB will limit, to the extent possible, selection of one airline versus another, which the former chairman said they really were not competent to do. As a generalization, multiple airlines will be certificated and the public will decide who survives.

- There will be drastically reduced lines of demarcation among so-called classes of domestic U.S. airlines. For example, the titles "local service" or "regional" (as we call ourselves), "trunk" "intra-state" and even "supplemental" are all but wiped out.

- Domestic air fare reductions will be permitted—without CAB approval—to 50 percent, even 70 percent below coach levels. Under some controlled circum-

stances fares may be increased to 10 percent.

- The CAB has set for itself an objective of reducing the length of processing time for route cases—even extensive ones—from a period, in the past, of two to five years down to nine to twelve months.

The CAB's "bottom line" is aimed at letting the marketplace select the airlines that survive but also making market entry free enough so airlines will have alternatives in which to place resources.

... Hughes Airwest's fleet represents a current market, or replacement, value in excess of a quarter-billion dollars. Next year, we plan to add five more 727's. Each day our aircraft perform nearly 1,000 takeoffs and landings during which they log more than 160,000 air miles between large, medium and small-sized cities. We consider ourselves a "nonspecialized" airline in this regard because we serve cities of varying sizes.

Conversely, however, we are a "specialized" airline regionally in that we fly to more cities in our three-state service area than any other carrier.

This last year, Hughes Airwest has concentrated on strengthening its competitive stance in four major areas: expanded routes, major fleet improvements, simplified fare discounts and some innovative passenger services.

The end result is expected to be yet another annual traffic record and our seventh consecutive profitable year on the eve of a new regulatory era.

In November we exceeded the formerly-elusive five-million passenger mark for the first time in our history. By year's end we should be nudging six million, for an increase of about 25 percent over 1977.

Our operating revenues this year should exceed \$300 million for the first time ever, however escalating

fuel, labor and other costs, including start-up expenses associated with new service, are expected to put year-end earnings below 1977's record of \$9.4 million.

Every U.S. carrier—with the exception of certain classes such as intrastate and commuter airlines—must have a federal certificate of public necessity and convenience to legally operate interstate routes. This certificate is a "franchise", so to speak, that up to now has been very difficult to obtain.

Today, with enactment of regulatory reforms, these franchises are easier to come by. Further, in many respects, the categories of airlines to which I have referred — regional, trunk and intrastate—have been melted into one big "glob"—in theory, at least. In any event, any airline today can ask for—and probably get—any route of any substance that it can show it can fly.

The so-called trunk airlines have expansive route systems throughout the country, concentrating on major cities and high population areas—though they also serve many medium-sized cities.

On the other hand, local service carriers—without the access to substantial capital levels available to trunks that allowed these larger airlines to acquire big fleets to serve long-haul routes—have historically been required by the CAB to limit their services to specific geographic areas, or regions. Most of the local service carriers were formed at the end of World War II to serve public utility-type short-haul and low density routes and evolved into regionally specialized carriers. They were called "feeder" airlines when they started in 1945.

Intrastate carriers, still another type of airline, have

(Continued on back page)

...overseas routes by Boeing or Embraer, a more comprehensive new judge. They are for between San Francisco and Las Vegas and to link Reno with Los Angeles, Burbank, Ontario, San Diego, Palm Springs, San Francisco and Oakland.

The *Aviation Daily* commented that "it was not immediately clear how the board would weigh Present's initial decision in the California-Nevada Low-Fare Route Proceeding, because he said he had given 'no consideration' to the Airline Deregulation Act's bearing on the case."

A total of 12 airlines would receive new authority between the two states under the recommendation, including new rights for other airlines on many of the routes we now serve.

Daily record

We set a new all-time daily boarding record on Sunday, Nov. 26 with 20,826 passengers. The previous high was set on the Sunday following Thanksgiving last year—20,771.

On-time

Hughes Airwest led the industry in on-time performance for three consecutive months this summer, according to recently released figures.

The CAB survey showed that our on-time average ranged from 82.9 to 81.4 percent in May, June and July in 13 of the 200 top markets in the U.S. American was second with a range of 74 to 86 percent. We were the only airline of the 18 surveyed to show an improvement in May compared with the same month last year.

Thirteen of our markets are in the top 200 surveyed. They are: Las Vegas-Burbank/Los Angeles/Reno/San Diego/Orange County, Los Angeles-Montarey/Salt Lake City/San Diego/San Francisco/Tucson, Phoenix-Orange County, Portland-Seattle and Seattle-Spokane.

Kip Wharton, vice president of sales and service, attributed the industry record and our improved overall performance to a zero-delay program for the first flight origination of the day and coordinated efforts by flight, inflight, maintenance and station personnel throughout the system.

OVERSEAS ASSISTANCE . . .

(Continued from front page)

students. It's the first all-inclusive contract for combined university and airline training.

Richard J. Queenan, vice president of marketing and development for Embry-Riddle and a former Hughes Airwest staff vice president, said "now the University and Hughes Airwest can offer fully-trained aviation manpower for overseas countries for whatever aircraft types are desired."

Taylor and Queenan are presenting the program to other

Two Iranian pilots recently completed 727 training in Phoenix as part of our overseas assistance programs. From left are: Bill Laff; Glenn Woods, Phoenix captain; Kurt Osterholm, ground flight instructor; and Abbas Baharu.



potential clients overseas, using the same concept for maintenance and management training, as well as flight.

Hughes Airwest currently has overseas aviation assistance programs in Nepal, Mauritania, Saudi Arabia, Iran (see photo) and Argentina. We have completed contracts in Burma, Japan, Liberia and Ghana.

James L. McManmon will assume operational responsibility for the overseas programs as director of overseas operations based at international headquarters.

He was based in Phoenix where his responsibilities will be assumed by Jorge L. Mayor who has been named international technical support manager. He was our maintenance representative with Boeing.

Richard L. Neal, previously assistant to the vice president of sales and service, will be director of overseas development with responsibility for increasing our overseas business.

Jack Helms will assume audit responsibilities for overseas activities as director of accounting for international technical services. He was director of credit and collections in the treasury department.

McManmon, Neal and Helms will report to Taylor.

ASHTON . . .

(Continued from front page)

son, president and chief executive officer; Edwin N. Altman, vice president of operations; Harry W. Swenson, vice president of finance and treasurer; and Arthur M. Taylor, vice president, general counsel and secretary.

Other board members are: William R. Lummis, chairman of the board and chief executive officer of Summa Corporation; William E. Rankin, president

and chief administrative officer of Summa; Milton H. West, a Texas attorney; Philip P. Hamelin, James F. LeSage and Jack G. Raal, senior vice presidents of Summa; and Elmer R. Vaccina, senior vice president of the First National Bank of Nevada.

SUSPENSIONS . . .

(Continued from front page)

announced for nine other cities—Monterey, Santa Barbara, Stockton, Santa Maria, Blythe, El Centro, Yuma, North Bend/Cocos Bay and Crescent City.

We ended flights to Blythe on Dec. 4. Notices to suspend or delete service at the other eight have all been filed except for North Bend and Crescent City.

Projected last days of service are Jan. 31 at Monterey, Santa Barbara and Stockton; March 1 at Santa Maria and Bakersfield; and March 14 at Madford, Yuma, El Centro, Guaymas and Guadalupe.

SERVICE ANNIVERSARIES . . .

(Continued from inside)

Melody Weismore, Gianna Walker, Linda Eck, Brenda Dickens and Jean Mallon, flight attendants. SEATTLE—John Hallock and Joyce Hanneman, flight attendants. SAN FRANCISCO—Michele Corati and Jacqueline Olivier, flight attendants.

REGULATORY REFORM . . .

(Continued from inside)

been operated strictly between large cities and/or high-density areas and have not been required by the individual states to serve the small public utility routes.

This has changed, as you will see, as of October 24, 1978, with the signing of the Airline Deregulation Act.

Sixteen of the cities we serve in California have a smaller population base than any of the cities served by California's largest intrastate carrier—PSA—except the popular vacation area of Lake Tahoe. Yet PSA now will be able to fly competitively against Hughes Airwest as will any of the previously designated federally certificated airlines.

Hughes Airwest has a problem in that as we transform ourselves into a specialized regional of a different type, we can't proceed at the leisurely pace of United—or can we maintain a defensive-only stance. Our retained earnings and net worth are less than one-tenth of the free world's largest airline, for one thing. However, in anticipation of regulatory reform and more open competition, we already have taken some significant steps that will enable us to more effectively combat competitive inroads into our sphere of operation.

We've modified our DC-9 fleet and increased its typical payload and range limits from around 900 miles to 1,600. This greatly increases our potential marketing area for DC-9's. We now can compete at a lower unit price per seat mile than most of our competitors as a result of a two-person cockpit and two-engine fuel burn.

Similarly, our 727s aren't the run-of-the-mill 727s. They're the most advanced in the industry today, capable of flying up to 2,400-mile routes in competition with four-engine jets.

With this fleet capability, we will have a great deal of flexibility to move aircraft resources to major hubs like Houston and Denver. We'll have the unit price advantage to meet the competition because of the equipment range adaptations we have been able to make.

We have supported reform because of the urgent

need for maximum management flexibility to be able to develop our company into what we believe will be its maximum potential.

In recent years, the airlines' regulatory system, with its obvious shortcomings and failings, has been under sharp criticism. I must point out however, that overall, the economic regulations supplied by the CAB have proven to be workable during the last 40 years.

Regulatory reform—or deregulation, if you prefer to use the extreme of the concept—is a very popular subject today. It's become a reality for airlines. Now it is being examined for all aspects of economic endeavor in the country as a means of satisfying the public's clamor for less governmental control in many areas.

If the concept that airline certificates have intrinsic worth is eliminated and replaced by a laissez-faire or free enterprise system where any airline could serve any city it chooses, when it chooses, then would we all end up serving only high-density routes with low fares?

What will happen to balance sheets that indicate "goodwill" for the intangible asset value historically represented by a certificate franchise? A free-for-all in the next five years for high-density, profitable routes could alter the aviation map of this country so that it would be virtually unrecognizable from today's perspective.

The reform bill deals with some of these questions. I want to stress the point that opportunities will be manifold for airlines to spread their wings, so to speak, and to lower fares.

The most significant benefits to the public will be increased competition and the ability to select the air travel mode because of its relatively low cost. The new regulations support the logic that competition will make things better. Each carrier will be able to pick "unconditionally" one new route per year. Parenthetically, each carrier will be able to protect one route per year.

Under this system, then, why wouldn't air carriers concentrate their scheduling in those high-density markets at peak times? For low-density routes, wouldn't the tendency be for all of the carriers to say, "Let the other guy do it"? The answer is that free

enterprise says, "If there is a buck to be made, someone will do it!"

The industry is being given the option of finding out if there is a buck to be made on low-density routes and at the off-peak times on high-density routes. We have lost our federal franchise as the sole source supplier on these low-density marginal public utility routes and now have the option to depart, or change the quality and service.

After hearing all this, you may be wondering how or why this startling and radical development got underway in the first place. It's safe to say it was probably motivated by consumerism pressures so prevalent in today's society.

The U.S. airlines—a small, tightly regulated, highly visible "mediagenic" group—were sitting ducks for such a crusade, which interestingly started in two Republican White Houses before being made a reality by a Democrat.

It cannot be said that air fares were runaway, compared to other prices in the U.S. Between 1967 and 1977, the Consumer Price Index rose at an average annual rate of 8 percent, while air fares went up at an average annual rate of less than 4 percent.

Whatever the motivation, we can conclude that the traveling public will benefit and those that haven't traveled probably will—and with bargains of 50 percent and 70 percent farecuts as incentives.

We, for one, have not been lagging in developing innovative air fares. We have recognized from the beginning the dangers and problems inherent in a hit or miss, match-my-neighbor, kind of fare policy. Much research and thought went into developing a simple, straightforward airfare structure that, unlike most discounts, is available throughout our system—and without myriad restrictions.

Airline deregulation is here to stay. Competition on new routes will be fierce. Fares will seesaw. Acceptance in the marketplace will determine the success of one airline over another. It's that simple.

Hughes Airwest knows what the rules are. If we have maximum flexibility, we'll manage just fine. We intend to take on newcomers on the block, but very selectively by market. With that philosophy, we think the public can only win.