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THE PBA FLYER

The title 'THE PBA FLYER' is rendered in a large, bold, red font. The letters 'PBA' are significantly larger and feature a red and white striped pattern. Surrounding the text are several line-art illustrations of PBA aircraft, including a twin-engine turboprop, a four-engine turboprop, and a smaller propeller plane.

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Winter 1984



The Tampa Air Center at the Tampa International Airport became an operation of PBA under the agreement for acquisition of Dolphin Airways assets. Now PBA is again a fixed base operator in Florida. The company first started such activity in 1946 and has run the FBO at Provincetown since 1948.

PBA Continues Expansion In January

Taking advantage of opportunities offered to PBA in late 1983 and early 1984, the airline underwent major expansion during January.

During December two Florida east coast commuters discontinued operations, leaving both Melbourne and Daytona Beach without any airline service to Miami. As a result, PBA was invited to serve both cities, and flights were inaugurated on January 15, the earliest date the new schedules could get into the airline guide and interline computers. Opening service consists of four non-stop round trip flights each day between both Daytona Beach and Melbourne and Miami. These flights currently make convenient on-line connections to and from PBA cities beyond Miami. In the

future, connections via the Tampa hub will be offered.

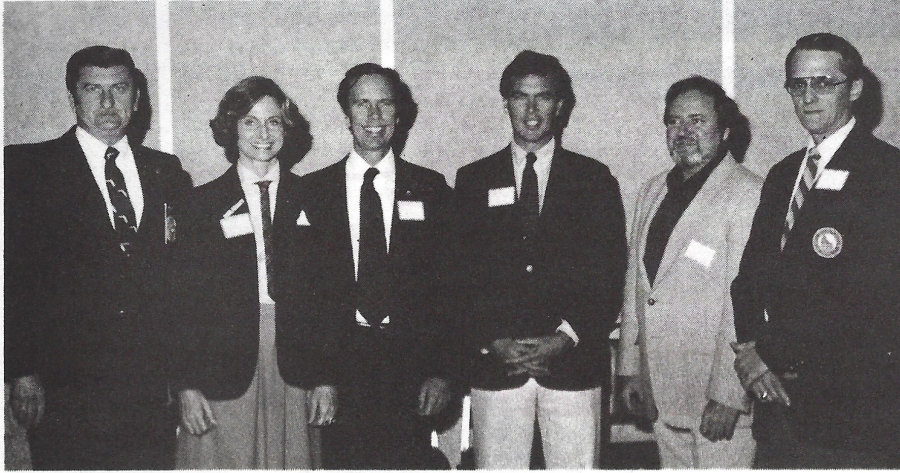
Service to both cities was kicked off with a cocktail party, first in Melbourne on January 11, and then in Daytona Beach on January 17. Both affairs were well attended by local officials, civic leaders, interline carrier personnel, and travel agents. Short talks on the history, plus the current operations and policies of PBA, were presented by PBA Chairman John C. Van Arsdale, Jr. at Melbourne and by President Peter H. Van Arsdale at Daytona Beach. The new service in both cities has been most enthusiastically received as well as supported by passengers and their travel agents.

A big surprise, and a substantial load to assume, came to PBA about the middle

of January when Dolphin Airways suddenly discontinued service on January 18. PBA agreed to lease six Dolphin 19-passenger Bandeirantes and also to purchase other fixed assets of Dolphin, including the fixed base operation of Tampa Air Center.

Immediate impact of this recent development was a tremendous increase in passenger demand on all routes where Dolphin and PBA had been competitive. Further, PBA agreed to take over Dolphin's facilities at New Orleans, and on January 30 the company started service with five round trips between New Orleans and Pensacola. Three of these flights continue on to Tallahassee and Jacksonville, with similar flights in the

Continued on page 2



Four Melbourne area mayors attended the celebration of new airline service to Melbourne by PBA, and PBA management was honored by both the attendance and the opportunity for this unusual photograph. Left to Right, Edward A. Rainis, Mayor of Satellite Beach; Andrea Deratany, Mayor of Indialantic; John C. Van Arsdale, CEO and Chairman of PBA; Peter H. Van Arsdale, President of PBA, Seymour Roth, Mayor of Indian Harbour Beach; and Harry C. Goode Jr., Mayor of Melbourne.



PBA President Peter H. Van Arsdale addressed the large turnout welcoming PBA to Daytona Beach.

PBA Continues Expansion ...

Continued from Page 1

reverse direction. In order to achieve this rapid expansion PBA hired many former Dolphin employees who immediately underwent company indoctrination and training.

Commenting on the impact of these new developments and expansion, PBA Reservations Manager Kenneth Huckstep stated, "Reservations are exceptionally busy. We need more telephone lines and more help to answer them, but that takes time. We are swamped with calls and cannot keep up with demand due to an inadequate number of toll free lines. Hopefully this problem will be corrected in the near future." Ken added that the New Orleans traffic started out quite light because the computer tapes would not be available to interline carriers and travel agents until February 5, and the schedule would not be in the Official Airline Guide until the March 1 issue.

Finally, on the last day of January Air Vermont, which competed with PBA in the Burlington-Boston and Nantucket markets filed under Chapter 11 in federal bankruptcy court and suspended service. This has added to PBA demand in New England.

As the *Flyer* went to press PBA management received a teletype message that Starflight-New York Air d/b/a Trans East Airlines ceased operations. Trans

East competed with PBA between Hyannis, Nantucket, and Martha's Vineyard to both Boston and New York.



A Dolphin Bandeirante intermixed with the regular PBA fleet at Tampa illustrates the speed with which the company was required to handle passenger demand over Dolphin Airways routes. As soon as the latest aircraft received required inspections and met FAA requirements, they were put on the flight line without normal repainting procedures. With a PBA logo stuck onto the cabin of a Dolphin Airways paint design, these new aircraft made an unusual sight.

Management Perspective

One of the major differences in PBA today compared to the company founded by John Van Arsdale, Sr., in 1949 is the growth-oriented philosophy which has been developed since his retirement in April 1980. This was made further possible because of the freedoms permitted by the Airline Deregulation Act of 1978. PBA today is geared for growth and exploitation of opportunity.

Lately, however, there have been more opportunities than even the most expansionist management could wish for. Everywhere around us, competitors are discontinuing operations. Devoe, Florida National and Dolphin Airways stopped operating between last December and January of this year; and PBA thus replaced them at Melbourne, Daytona, and New Orleans respectively.

Up north, Air Vermont went bankrupt in late January and Starflight-New York Air/Trans East ceased operations February 2. Wills Air on Cape Cod has been operating under Chapter 11 of the bankruptcy laws since August of 1982. This is in addition to other airlines such as Air New England, Mackey International and North American that competed with PBA in recent years. Also, we have just learned that Pacific Express, a Pan American Commuter in California stopped operating February 2, as well.

The question that arises is, why is PBA able to operate successfully and profitably when all around it other airlines are failing? There are a number of answers.

First, the Company was founded with a conservative operating philosophy. We have never accepted startup losses. We have no financial backers waiting in the wings to bail us out if we make a mistake. We must make a profit every year.

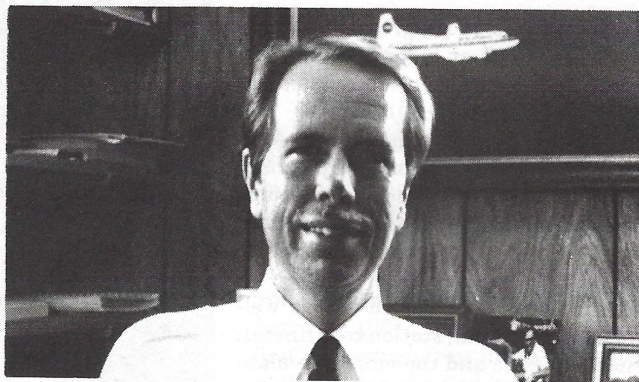
Second, PBA has always been adequately financed. Prior to the departure of John Van Arsdale, Sr., the Company paid cash for most everything. The addition of expensive turboprops by the current management made borrowing necessary, but the successful public stock offering of last September has left PBA with a comfortable 1:1 debt/equity ratio.

Third, our unique operating philosophy of demand scheduling causes our load factors to stay up even when we confront intense competitive pressures. When loads drop off, as they did when Dolphin Airways increased frequency between Tallahassee, Jacksonville, and Tampa last August, PBA simply runs fewer Bandeirantes and more Cessna 402's on its flights. Also, fewer extra sections are operated.

Now, with Dolphin no longer operating, many flights require Martin 404's and YS-11's, because demand has increased. This adjustment is made automatically because the computers free-sell the seats, and flight operations adjusts capacity on a daily and real time basis. It does mean that one is quite likely to see Vice President of Operations, John Zate, plus Peter Van Arsdale or myself at the controls of the larger aircraft over these newly busy routes until additional pilots can be upgraded to fly for us.

Which brings us to the most important difference between PBA and its competition — its people. PBA employees are generally dedicated, hard working and competent. Management works with employees, shouldering the burden when weather or mechanical problems get things off track. Motivation is everything at PBA.

Lately, with the explosive growth of the past few months,



training has become very important, as new employees have been added on a daily basis. We will be continuing to emphasize training in the months ahead, as we upgrade our operations to accommodate our growth.

Even as we grow, we must not lose sight of the fact that in this industry a company can come down even faster than it goes up. The problems of Braniff and Air Florida have been good reminders to us. Still, when a smaller community is left with a void in its airline service needs, PBA must jump in to fill the gap. Opportunities are not always available, and it is much better to offer service in a less competitive environment than to hammer things out in the face of bitter fare wars.

Thus the ability to react both quickly and correctly is the item that will separate the aviators from the boys in the post deregulation environment. As PBA grows, it becomes less vulnerable to an assault from a smaller competitor. If an opportunity presents itself, the company can move in rapidly. If there is no opportunity, management can concentrate on upgrading facilities, equipment, and the training of personnel.

Thus, while it appears that from some standpoints the commuter airline industry is collapsing, PBA is looking forward to 1984 as the greatest year in the history of the Company. The shackles of the PATCO strike have finally been removed, the competitive environment has improved considerably, and the company is financially strong. The opportunities appear endless.

To our passengers, this will mean better service in all areas in the years ahead. Handling growth rates in excess of 100% has put tremendous pressure on our operations. As things level out and we get a chance to catch our breath, we at PBA will do an even better job of that which has made the company almost unique among airlines today.

The final ingredient to success is the satisfied passenger. We carried almost one million of them in 1983. At PBA, management is always open to suggestions from our passengers. By analyzing each complaint or comment, we are able to keep abreast of our shortcomings and our strengths. Our goal is to continually improve our service and to remain the most successful little airline in the world.

Happy Flying,

John C. Van Arsdale, Jr.
Chairman & Chief Executive Officer

PBA New Employee Indoctrination Program

By Sally Lee, Supervisor-Computer Training

PBA's wheels of progress are flying along with the first indoctrination program for newly hired ticket agents held in Naples January 9-12, 1984.

Employees from Daytona Beach, Melbourne, Kew West, Miami, Naples and Pensacola attended. Some of the people came to us from National Florida and Devoe Airlines and two came from cruise lines.

The program was opened with a welcome by Peter Kean, station coordinator. Employee forms and the employee manual were reviewed.

Peter Van Arsdale, president, extended a welcome to all. He discussed the history of PBA and what we can look forward to in the future.

Mitch Norgart, PBA sales rep., discussed PBA's marketing department — how agents can help the marketing department and duties of sales reps. He handed out PBA schedules and fare sheets.

Mary Kean, Training Department, covered check-in procedures, PBA policies, unaccompanied minor forms, ticket reissues, reboarding pass procedures, refunds, closing out flights, and all forms of PBA tickets. Uniforms were distributed to the employees.

Sally Lee, Training Department, dis-



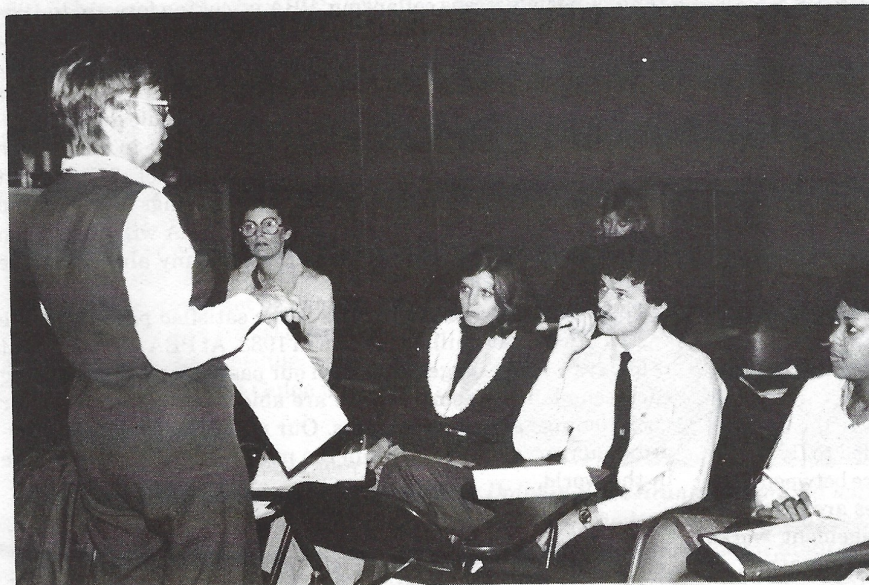
Mary Kean (left) and Sally Lee worked together developing the new employee indoctrination training program that has been so well received. Both employees are of long standing with PBA and have extensive experience in all phases of agent procedures.

cussed PBA fare structures and rules. Handouts with airline and computer definitions, computer formats, fares, city codes and airport codes were distributed. Company identification cards were given to the employees.

The second day opened with Larry Chance, director of Passenger Air Freight and Baggage Services bringing in samples of suitcases for identification. Other items are airline baggage identification charts, on-line checking, interline city pairs, excess baggage/collection of charges, limited release baggage tags — how and when to use, interline transfers, expedited baggage, lost and found, messages on misconnects, insuring luggage, firearms, irregularity reports, and tracing procedures. Delivery of misconnected baggage, passenger entitlement to purchase items for delayed luggage, damaged bags — preparation for repair, missing contents or pilferage were other items discussed.

Ann Morris, Air Freight, went over on-line and interline freight, dimensional weight versus actual weight, excess valuation, federal tax, delivery rates, dry ice and packaging, live animals and kennels, online CODs, credit cards and acceptance liability release forms. She also covered various log records, tariff rates and various forms.

The third day opened with a welcome by OLD MAN VAN. He told us his begin-



Agents in training listen attentively as Instructor Mary Kean explains some of the technicalities of ticketing and agent procedures.

nings in aviation to the start of PBA and the expansion to Naples to his present involvement with the *PBA Flyer*.

Roseann Hendricks, office manager and Susie Schrodt went over accounting procedures with emphasis on cash reports.

Nick Klein and John Hoelker, Operations, discussed various operations functions and explained how to do the weight and balance for all PBA aircraft.

Ken Huckstep, Manager-Reservations, went through the pass policy offered to PBA employees.

Marco Ogrizovich, Line Supervisor, explained methods of loading baggage on aircraft, unlocking gear before takeoff, lowering stairs, galley, placement of revisions, and demonstrated parking of aircraft.

The fourth day was spent with more ticketing training with an emphasis on customer service, appearance and duties. PBA's "Don't Say NO" policy was stressed. Computer training was given to those agents presently having access to computers.

A second indoctrination program was held January 26-28, 1984, with New Orleans, Jacksonville, Punta Gorda, Tampa, Marathon, Key West, Naples and Pensacola agents. This session consisted of many former Dolphin employees that we warmly welcomed to the PBA family.

The future plans for the training department coincide with the expansion of PBA. We hope to have all new hires spend five days in the indoctrination program and five days with computer/automated ticketing training. Recurrent training will be held to keep all employees apprised of all changes and updates in all company areas. Computer training is presently being conducted for those agents wishing to expand their skills. Mary Kean and Sally Lee plan to visit all stations occasionally to review employee performance and help with any problems.

A customer service manual is in the process of being published to assist agents in their duties. The computer manual is being revised and will be distributed in the near future. The PBA Genie is being expanded to assist employees further in doing their jobs.

We thank all those that assisted in this indoctrination program and we again express our welcome to all new employees.



Captain Scharr

All Female Crew

Captain Connie "Sandy" Scharr was promoted to Bandeirante Captain during January, completed qualifications, and transferred base from Naples to Tallahassee. February 5, 1984, she captained the first two women crew in the history of PBA when she and First Officer Jean Wright operated "Bandit" N94PB between Tallahassee and Tampa.

PBA Institutes Employee Stock Purchase Plan

During January Provincetown-Boston Airline, Inc. (PBA) filed an application with the Securities Exchange Commission implementing an Employee Stock Purchase Plan to cover all full-time employees upon completion of at least six months of employment with PBA. The plan has an effective date of February 16, 1984, and all employees are being notified of the investment opportunity available to them.

Under the terms of the plan, an employee may purchase PBA stock through payroll deductions of from 2 to 10% of gross pay between February 15 of successive years. The deducted money accumulates during the year, and on February 16 the stock is purchased at 85% of the price on February 15 of the current year or February 15 of the preceding year, whichever is lower. As an example, a participating employee will purchase

stock on February 16, 1985 at 85% of the listed price on either February 15, 1984 or February 15, 1985, whichever is lower.

Employees' pay deductions may be withdrawn, if desired, at any time during the year up to the February 16 date of automatic purchase of the stock. The purchased stock will be newly issued, and will have a slight dilution effect on the presently outstanding 4,855,000 shares. Stock certificates will be issued for safe keeping by the participating employee through PBA's Transfer Agent, the First National Bank of Boston.

Commenting on this new plan, PBA Vice President-Finance Maurice P. Morissett, Jr. stated, "I believe this plan is a good opportunity for all employees to own a piece of PBA, and is indicative of the high esteem that management places upon its fine and valued employees."

PBA Carries Record Number Of Passengers In Both Year And Last Quarter

A record 931,751 revenue passengers boarded PBA in 1983, up 28.4% over 1982 and almost double the number carried in 1981. The total included 234,907 passengers carried in the fourth quarter, up 50.8% from the same quarter in 1982. During 1983, PBA started service at six new cities, Burlington, Fort Lauderdale, Jacksonville, Orlando, Pensacola, and West Palm Beach.

PBA's 1983 revenue passenger miles increased 43% to 115,007,059. For December the increase was 103.4% to 12,152,177. Available seat miles in 1983 increased 55.4% to 213,815,917. These figures reflect a 53.8% load factor for 1983, compared to 54.1% in 1982. The greater percentage increase in passenger miles compared to number of passengers carried reflects PBA's entry into longer haul markets. Most notable of these was the November 1 start of YS-11 service between Jacksonville and Fort Lauderdale/Miami, which generated 12,814 passengers in the first two months, with an average load factor of

70.5% in November and 60.5% in December. The December load factor was lower because of extra sections operated during the peak holiday period.

For 1983 the number one market of PBA became Key West-Miami with 88,432 passengers, followed by Naples-Tampa with 72,528. The new Tallahassee-Tampa market was third in Florida and produced 36,861 passengers. In the northern division, the Hyannis-Boston market was number one with

61,737, followed by Nantucket-New Bedford with 50,671, Nantucket-Boston with 44,683, and Provincetown-Boston with 43,416.

1983 number one PBA station for boarded passengers was Miami with 115,697 followed by Tampa with 108,350, then Boston with 93,078. Number one non-hub airport was Nantucket with 88,929 boarded passengers, followed by Hyannis with 72,291, then Naples with 60,953.

STATISTICS Revenue Passengers Boarded By Station

STATION	Fourth Quarter		Calendar Year	
	1983	1982	1983	1982
Boston	18,089	13,098	93,078	85,667
Burlington	2,701	0	2,701	0
Fort Lauderdale	5,358	0	5,358	0
Fort Myers	6,598	5,822	25,010	19,524
Hyannis	15,086	11,744	72,291	58,512
Jacksonville	14,284	0	30,689	0
Key West	16,203	13,198	62,930	51,904
Marathon	3,917	4,054	18,725	17,979
Martha's Vineyard ...	6,134	5,222	43,598	37,910
Miami	32,058	27,396	115,697	105,535
Nantucket	16,157	13,593	88,929	68,466
Naples	16,566	14,205	60,953	68,078
New Bedford	8,176	8,840	43,860	38,257
New York	9,392	7,196	58,658	47,134
Ocean Reef	653	806	3,559	806
Orlando	2,566	0	2,566	0
Pensacola	2,008	0	5,842	0
Provincetown	2,672	2,071	21,874	18,484
Punta Gorda	1,725	1,897	6,874	8,413
Sarasota	10,127	5,797	31,879	25,710
Tallahassee	7,671	1,023	26,597	1,023
Tampa	35,033	19,826	108,350	72,115
West Palm Beach	1,733	0	1,733	0
Totals	234,907	155,788	931,751	725,517

CHANGE UP 50.8%

UP 28.4%



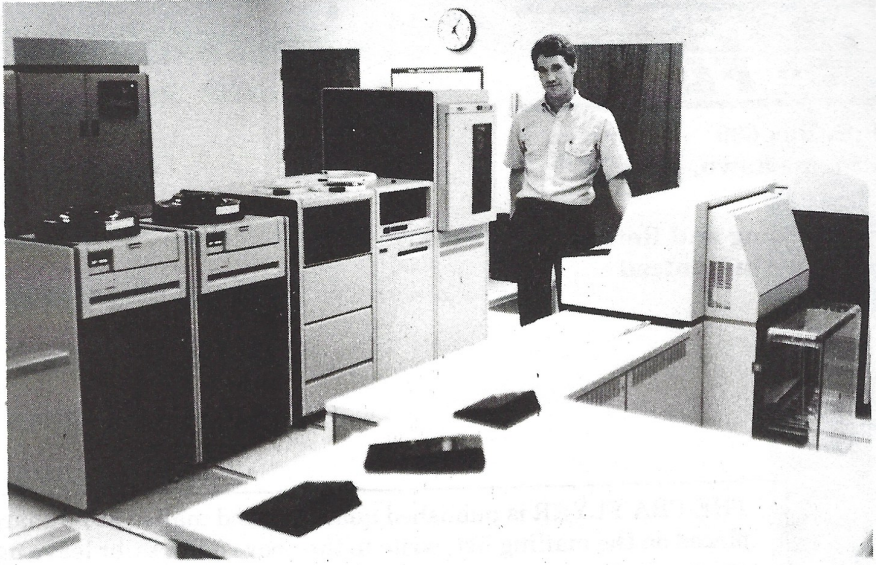
A CATCHY PBA WINDOW DISPLAY has been in the window of Ted Clifton's Cape Cod Travel Agency, Main Street, Hyannis. Arranged in cooperation with PBA's marketing department, the frequently passed location has brought an unusual amount of favorable comments to PBA.

New Computer

In order to keep up with the administrative requirements associated with tremendous growth, PBA in December added a new IBM System/38 computer at a cost of about \$400,000.00. This is in addition to the former Digital model 1144 which had been handling accounting, payroll, and statistics. Gradually these functions will be transferred to the new IBM computer. In addition the IBM will handle all interline and on-line revenue accounting, and a maintenance package that includes inventory of parts, time on aircraft and engine components, cycles, and job costing.

Longer range the Digital will handle weight and balance control and operational functions such as scheduling of crews and aircraft.

The new building housing the two computers has a transportable flooring currently 600 square feet, but with planned expansion to 1200 square feet. The floor was set with a laser to make it perfectly level. The room has two units controlling air conditioning and power. These smooth out any fluctuations in electrical voltage and amperage while

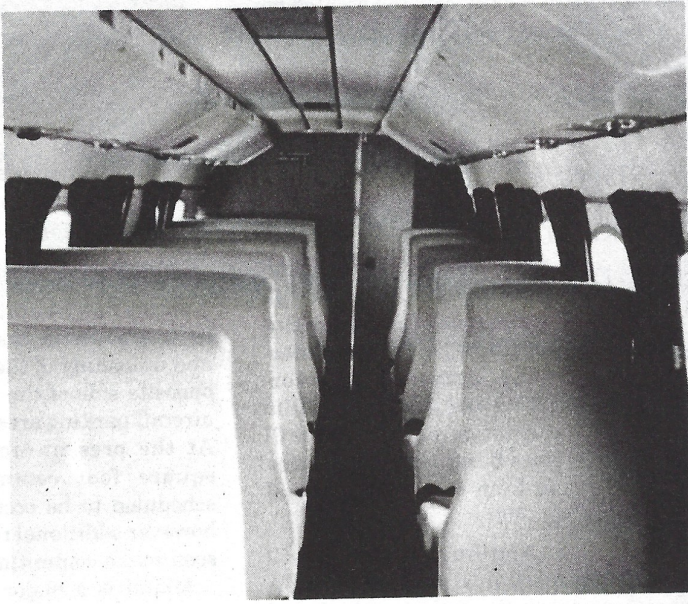


Standing between PBA's Digital (left) and IBM (right) computers is James J. McDevitt, Manager of Data Processing for PBA, and a native of Mt. Vernon, Ohio. Involved in computers all his life, he is a graduate of Tri-State University in Angolia, Indiana where he specialized in computer training. In addition he worked in the industry during summers and before joining PBA.

also keeping the room at 72 degrees temperature and 53% relative humidity.

Manager of Data Processing James J. McDevitt states that he plans in the fu-

ture to sell time on the computer to outside companies with the goal of making the computer room a money maker for PBA.



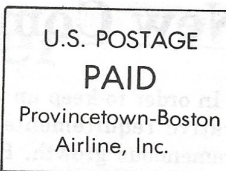
PBA's two newest Bandeirantes arrived from Brazil during December. The most notable exterior change is the dihedral in the horizontal stabilizer which is designed to eliminate vibration. Improved insulation and other interior improvements have brought comments from both pilots and passengers that the new Bandeirante is a smoother flying and better aircraft.



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PBA Gets New Terminal In Miami

At the Miami Airport the Dade County Aviation Department is constructing a new commuter airline satellite terminal scheduled to be opened on February 15, 1984.

PBA has for over 20 years operated from various gates in the main terminal at Miami, and for the past ten years as a tenant of Eastern Air Lines at Gate D-1. Problems are regularly being created because of the continual expansion of the larger carriers which require second story jet-ways, in addition to the complications of mixing larger jet operations on the ramp together with smaller commuter type aircraft.

The Dade County Aviation Department decided to find a permanent solution to this problem by constructing a single story regional airline terminal in the open ramp area west of PBA's present gate position and north of the new international terminal. Between PBA's current ramp location and the new satellite terminal, the aviation department will operate two large buses to transport passengers to and from the main terminal with minimum delay.

Passengers boarding in Miami will continue to check-in at the current PBA ticket counter in the main terminal, and then proceed to the same gate as has been used for some years. This gate area, known as D-1, will become a hold room for



Looking at the new Miami terminal from the west ramp side, it is evident that the building is nearing completion.

passengers waiting to board the buses.

At the new satellite terminal there will be an area on the east side for the loading and unloading of the buses, while on the opposite side of the building will be the aircraft parking area and boarding gates. At the present time the new 15,000 square foot commuter terminal is scheduled to be occupied by only PBA; however additional regional airlines may soon make commitments for space.

Miami is a major connecting hub for PBA intra-state passengers. The new terminal will make it possible for passengers changing from one PBA flight to another to make the transfer at the satel-

lite terminal without going to the main terminal.

Commenting on the new facility, PBA President Peter H. Van Arsdale stated, "We are very pleased to be given the opportunity to operate from this new commuter satellite terminal in Miami. I am certain that it will be received most enthusiastically by our passengers. Further, I sincerely believe that officials of the Dade County Aviation Department are to be congratulated for their foresight and recognition of one of the major problems of the commuter airline industry, plus their development of an effective solution."