



Where away for Cascade? Buyout would put it in a new fleet, on the long haul. (BAe 748s would be kept.)

Cascade Airways Sold To Aerospace Leasing

In a move briefly noted in last month's Yearbook issue, the Aerospace Leasing Co. (ALC) of Sarasota, Fla., is acquiring 92 percent of the common stock of Spokane-based Cascade Airways. If all goes according to design, the transaction will result in an expanded fleet, a revamped route system and a broader territory of service, an Oregon mini-hub, and an expansion of operations to include not only passenger service, but cargo and charter as well.

These plans were outlined for *Commuter Air* by ALC President Raymond W. Baszner a few weeks before the acquisition agreement was to become final. The airline's present fleet of eight Beech 1900s will be increased by four, said Baszner, and these additional aircraft will be available for nighttime cargo operations.

All three of Cascade's BAC 111-200s will be phased out and replaced with an equal number of Boeing 737-200s, two of which also will be converted to cargo carriers at night. Two more 737-200s will be introduced within six months. Cascade's two BAC 111-400s will be retained for the time being, and two more BAe 748s will be added to the airline's present two.

Baszner noted that many of the participants in the new Cascade come from the charter and tourism business and should bring some contacts — and contracts — with them. Baszner himself owns two tour companies. Referring to the new diversity of operations and interests planned for Cascade, Baszner said, "We want to do it all. In today's market, one piece of the pie isn't necessarily enough to keep you going."

The goal of this ambitious program is

a turnaround of Cascade's balance sheet within six months. Baszner said the success of the plan is a function of finance and stressed that Cascade is a profitable carrier as it is. He attributed the loss posted by the airline last year to the cost of upgrading the fleet with jet aircraft — the BAC 111s purchased last year. Despite this expenditure, Baszner noted, Cascade today is showing an operating profit on its present route system.

"Cascade, under its own steam, brought itself into the jet world," Baszner said. "It's not a commuter anymore." Characterizing the airline as "a very large regional," Baszner went on to say that Cascade is looking for an interline partner and said that talks now are being held with two larger carriers. The airline will proceed cautiously in this matter, however. "We don't want to be an American Eagle," he said. "We want to preserve our identity."

Cascade's jet purchases were made, Baszner said, to ward off Seattle-based Horizon. Pointing to Horizon's \$5 million loss in 1984 and its recent filing with the Securities and Exchange Commission (SEC) of a proposed offering of \$10 million worth of preferred stock, Baszner said flatly, "They have made Horizon stand still." By Baszner's estimate, Horizon and Cascade no longer play in the same league. "We do not look at Horizon as the competitor Cascade once thought they were, because Cascade is leaving the commuter world."

Where is it going? "In the direction of a Midway," said Baszner, who quickly added that the carrier will continue to serve its present markets. With the addition of the 737s, however, will come expansion into Northern California, Reno, and the "sun" routes and their cities. Baszner is particularly em-

phatic about the airline's need to serve these latter markets. Depending on how its interlining works out, the airline will open up routes to southeast Washington, Oregon, and, perhaps, Colorado.

Pressed for more particulars, Baszner said that he foresees a Florida operation for Cascade in the next 12 to 18 months, based on the West Florida coast. Beyond this, he only added that "maybe [there will be] something in between to tie it together."

ALC will also bring new management to Cascade. President Mark M. Chestnutt will remain in his position, but other offices will be "realigned," in Baszner's word. Some of the new personnel have backgrounds with the majors, while the staff of ALC are well versed in finance.

Speaking, perhaps, in the shadow of Carl Icahn, Baszner said, "We are going to move *with* the company — not break it up."

The deal was struck between ALC and George Chestnutt, father of Cascade's president and owner of 10 percent of its stock. The elder Chestnutt also owns Field Point Holdings, which is associated with American Investors, Inc., of Greenwich, Conn. American held 82 percent of the airline's stock. These shares, together with George Chestnutt's, constitute the ALC purchase.