

ANNUAL REPORT

1966



NORTH CENTRAL AIRLINES

NORTH CENTRAL AIRLINES, INC.

GENERAL OFFICES: 6201 Thirty-Fourth Avenue South, Minneapolis, Minnesota 55450

BOARD OF DIRECTORS

*HAL N. CARR, Chairman

CHAN GURNEY

JAY PHILLIPS

H. P. SKOGLUND

D. E. CROOKER

*SAMUEL H. MASLON

MORTON B. PHILLIPS

KENNETH B. WILLETT

*G. F. DECOURSIN

A. JAMES MUELLER

JOSEPH E. RAPKIN

ROBERT G. ZELLER

**Executive Committee*

MANAGEMENT

HAL N. CARR *Chairman of the Board and President*

R. H. BENDIO *Vice President*

L. J. KEELY *Vice President - Maintenance-Engineering*

T. M. NEEDHAM *Vice President - Ground Operations*

ARTHUR E. SCHWANDT *Vice President - Industrial Relations*

BERNARD SWEET *Vice President - Finance*

G. F. WALLIS *Vice President - Flight Operations*

D. F. MAY *Treasurer*

JOHN P. DOW *Secretary*

G. J. MILLER *Assistant Secretary*

CHARLOTTE G. WESTBERG *Assistant Secretary*

DAVID E. MORAN *Director - Traffic and Sales*

STOCK TRANSFER AGENTS

Northwestern National Bank of Minneapolis; Minneapolis, Minnesota

Irving Trust Company; New York, New York

**To our stockholders,
employees, and friends:**

March 3, 1967

We are pleased to report that 1966 was an exceptional year of growth for North Central Airlines. The company achieved the largest profit in its 19-year history on record revenues, and led the entire regional airline industry in passenger traffic.

Net earnings of \$1,155,000 were attained on gross revenues of \$39,613,000. This was accomplished in spite of a \$1,432,000 reduction in public service revenues. Earnings, along with depreciation charges of \$2,253,000, developed cash flow of \$3,408,000.

North Central reached the all-time high for regional airlines by enplaning 2,056,209 passengers in 1966. This reflects a gain of 27 per cent over 1965 which was the company's best previous year. Cargo—including air freight, express, and mail—was up 28 per cent as 52,278,000 pounds were flown.

The airline continued its excellent operating performance and maintained its perfect safety record while carrying this greatly increased passenger and cargo traffic. In 1966, North Central completed over 98.4 per cent of its 17,200,000 scheduled miles.

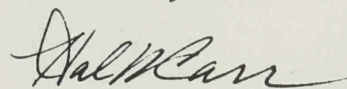
In August 1966, the company took another step forward in its equipment modernization program by announcing that its Convair 440 aircraft would be converted to 580 prop-jets. The 31-aircraft plan calls for the initial conversion of 20 Convairs, with an option on the other 11. Two Convair 580's have already been delivered in 1967 to be put in operation April 1, and Douglas DC-9 fan jet service will be inaugurated in the Summer. North Central has 10 of the 100-passenger jets on order, and has secured an option for five more. By 1968, the airline will have an all jet-powered fleet.

North Central continued its aggressive route development program by applying for several new routes and the lifting of operating restrictions on existing segments. In December, the Civil Aeronautics Board issued notice of a proposed policy change which would permit North Central and the other regional airlines to operate nonstop flights between previously restricted points. This proposal is one of the most important decisions ever made by the Board regarding the regional carriers and would strengthen the company's applications for changes in service pattern.

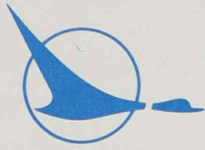
As management reviews the company's success in 1966, we want to express our appreciation to our employees for their dedicated efforts in serving the traveling public, to our stockholders for their loyal support, and to our many passengers for flying the "Route of the Northliners."

We are all looking forward to 1967—the year of the airline's entry into the jet age. Anticipated record traffic and revenues, along with the favorable effect of jet operating economies, should yield the greatest profits in the company's history and make 1967 the most successful year for North Central.

Sincerely,

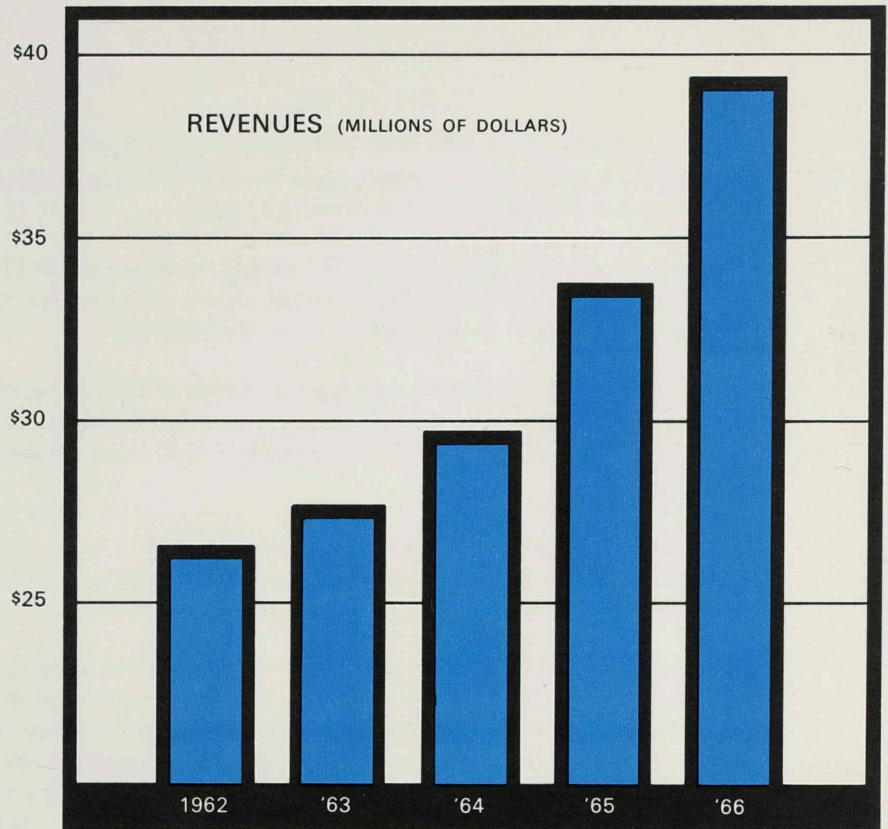
A handwritten signature in dark ink, appearing to read "Hal Carr", written in a cursive style.

HAL N. CARR
Chairman of the Board and President



Annual Report 1966

Financial review



NORTH CENTRAL AIRLINES attained record revenues of \$39,612,671 in 1966—a 17 per cent increase over 1965. The \$5,721,640 gain in revenues was the greatest in the company's 19-year history.

Operating expenses were \$37,296,439, and included \$2,253,361 in depreciation charges. As a result, the company had an operating profit of \$2,316,232. The net profit of \$1,154,611, after income taxes of \$744,792, was the largest yet recorded by the airline. These net earnings, together with the \$2,253,361 of depreciation, produced cash flow of \$3,407,972 in 1966.

The company earned the \$1,154,611 profit although its public service revenues were reduced by \$1,431,530. This profit was made possible by developing record commercial revenues and intensifying the company's cost control program. For the sixth consecutive year, North Central was in a profit-sharing position with the Federal Government under the class rate for regional airlines.

With the favorable results of 1966, the company enters its jet age in a strong financial position.

Traffic growth

IN 1966, North Central led the entire regional airline industry in traffic when it enplaned 2,056,209 passengers. This was a 27 per cent increase over the 1,616,900 passengers carried in 1965. The 439,309 passenger gain was the highest the company has ever achieved in a year.

The Northliner fleet flew 354,632,977 passenger miles—30 per cent ahead of 1965.

Three other regional airline milestones were reached during the year. On August 19, the company carried 9,343 passengers, for a single-day record. During August, 230,215 passengers flew on North Central for a monthly industry record. The Chicago station alone boarded 66,539 passengers in August, to become the first regional airline station to pass the 60,000 mark in one month.

Some 88,500 military standby passengers took advantage of the company's special half-fare, space available plan. In this second full year for the reduced rate, a passenger increase of 25 per cent was reached.

North Central also operated 350 charters and 116 scenic flights, which added 310,892 more plane miles. The 17,602 charter passengers flew to 31 states and three Canadian provinces, while 4,325 people took scenic flights over cities on the airline's system.

Excellent cargo gains were achieved in 1966 as the company carried a record 52,278,042 pounds of air freight, express, and mail—28 per cent ahead of the previous year. Total cargo ton miles flown were 4,884,937, also 28 per cent over 1965. Mail ton miles of 1,031,765 showed a substantial increase of 45 per cent, and freight and express were both up 24 per cent. Freight reached 2,579,716 ton miles flown, and express, 1,273,456.

Besides setting new passenger records for the industry and carrying the largest cargo volume in its history, North Central maintained its perfect 19-year safety record. Since inaugurating service in 1948, the company has carried 13,734,586 passengers and flown 2,272,368,240 passenger miles without a single fatality or injury to passengers or crew members.

Operating performance

THE COMPANY maintained its outstanding operating performance in 1966, as 98.4 per cent of its 17,235,294 scheduled miles were flown. This completion factor again places North Central among the leaders of the 24 domestic airlines in operating performance.

This enviable achievement was accomplished while the company handled the largest passenger and cargo traffic in its history, and experienced many months of severe weather conditions over the system.

A major factor in this high level of performance was the company's continuous and exacting maintenance. In 1966, North Central made 191,523 actual departures. Only 166 departures, or less than one-tenth of one per cent, were cancelled for mechanical reasons, and less than one per cent of the departures were delayed for mechanical reasons.

"Operation Cold Front," the company's winterization program, was effective again in 1966. Station and maintenance personnel carried out a comprehensive preparatory plan to convert ground support equipment to winter operating conditions. Cold weather operational techniques were reviewed at all of North Central's stations. To further improve the program, the latest type of mobile aircraft-deicing units were added this winter at strategic points on the system.

North Central's operating performance during the winter months has been so impressive that a five-man team from Linjeflyg Airlines in Sweden visited the company's general office and main operations base in Minneapolis/St. Paul to study "Operation Cold Front." Linjeflyg operates under climate conditions similar to those that confront North Central.

To supplement the scheduled flights during peak periods, 1,674 extra sections were operated in 1966 to meet the needs of the traveling public. An additional 672,315 plane miles were flown on these trips.

The company's high standard of performance reflects the dedication of all North Central's employees to their job of providing scheduled airline service.



North Central carried over two million passengers in 1966 to lead the regional airline industry. At O'Hare International Airport (pictured above), North Central also set a monthly record by boarding 67,000 passengers in August.

Jet program

EXTENSIVE PLANNING and preparations have been made for North Central's 1967 entry into the jet age. The company will take on a "New Look" with the inauguration of Douglas DC-9 fan jet and Convair 580 prop-jet service on its 7,000-mile route system.

Ten of the 100-passenger fan jets are on order. In 1966, an option was obtained for five more DC-9's. North Central's equipment program also calls for the conversion of 20 of the company's 31 Convair 440's to 580 prop-jets, with an option on the other 11.

The company will benefit financially from this flight equipment program due to the traffic-generating ability of the jets and the corresponding reduction in unit costs which result from jet operating efficiencies.

With the addition of the DC-9 and 580 aircraft, Northliner passengers will receive the finest regional airline service.

Convair 580 prop-jets

A PROGRESSIVE STEP in North Central's equipment modernization program was taken in August 1966, when the company announced plans to convert 20 of its 31 Convair 440 aircraft to 580 prop-jets, with an option on the other 11.

The Convair 580, equipped with two Allison prop-jet engines of 3,750-horsepower each, will fly 100 miles an hour faster than the Convair 440. The 580 reaches a comfortable cruising altitude of 10,000 feet in only five minutes and gives a smooth, quiet ride.

The jet-powered Convair 580's, like the DC-9's, will have the latest solid state radio and navigational equipment. Also, the jet "New Look" will be featured with an aqua, blue, and gold exterior design and an interior with alternating aqua and gold seats accented by beige walls and ceiling.

The Allison turbine engine has been in scheduled airline operation for several years, and more than 7,000 are in use today. These engines have logged more than 22 million hours of flying time, with an extremely high reliability record. Also, because of its efficiency, this turbine engine will substantially reduce operating costs per mile.

Two of the Allison-powered Convairs will go into scheduled service on April 1, two more on April 30, and two in June. Thereafter, the prop-jets will be added at an approximate rate of one a month until the program is completed. The 580 aircraft allows North Central to increase its available seat miles and provide improved schedules for its passengers.

The Convair 580's, combined with the DC-9 fan jets and the phase-out of the DC-3's, will give the airline an all jet-powered fleet in 1968.

Convair 580 prop-jet service will be inaugurated on April 1.





Douglas DC-9 100-passenger fan jets will be joining the Northliner fleet in 1967.

THE INTRODUCTION of Douglas DC-9 fan jets in 1967 will bring a new dimension of speed and comfort to the airline's passengers. The company announced its 10-jet program in July 1965 and indicated that the DC-9 was the most suitable jet aircraft for North Central's operation.

The factors considered were capacity, speed, range, and design features; operating costs and purchase price; and adaptability of the plane to the airline's route system and airport runways.

During 1966, the company secured an option on five more of the DC-9 Series 30.

The DC-9 has two Pratt & Whitney fan jet engines which produce 14,000 pounds of thrust each during take-off. It cruises at 560 miles an hour. Wingspan of the new jet is 93.4 feet and overall length is 119.3 feet.

North Central's "New Look" will be apparent when the sleek jetliner appears at airports across the system. In addition to the distinctive high-level T-tail and the two rear-mounted engines, the DC-9 will have a new aqua, blue, and gold exterior color scheme. The striking and unique interior will feature alternating aqua and gold seats, with beige walls and ceiling.

All first-class service will be offered on the jets, with two stewardesses in attendance. The DC-9 features "big jet" roominess, outstanding climate control comfort, and a smooth ride.

Seating facilities for 100 passengers in the spacious cabin have exceptional head, shoulder, and leg room. Another feature of the new jet is the unexcelled lighting and window view. Travelers will enjoy all the luxury expected in the jet age.

During 1966, North Central employees have received intensive training in jet operations. When DC-9 service is inaugurated in the Summer of 1967, every phase of the airline's operation will be ready for a smooth and efficient transition.

Douglas DC-9 fan jets

Improved services

NORTH CENTRAL'S service to the traveling public was increased in 1966 by the addition of two more Convair 440's to replace Douglas DC-3's and by improved utilization of all flight equipment.

The 736,044,776 seat miles flown during 1966 was 25 per cent ahead of 1965. Of these seat miles, over 90 per cent were operated with pressurized Convairs. There are 31 Convairs and 15 DC-3's in North Central's fleet.

A second "Cargoliner" went into operation in 1966, extending all-cargo flights to eight new cities. This specialized service provides overnight delivery of cargo to 20 cities on the airline's system. The Cargoliner, equipped to carry 7,000 pounds of air freight, express, and mail, supplement the cargo capacity on North Central's regularly scheduled flights.

North Central's service to the shipping public was also improved when the company acquired space in TWA's air cargo building at O'Hare International Airport, Chicago. Included are a customer service counter, office facilities, warehouse space, and dock area. North Central personnel staff the cargo office, handle customers and interline transfers to other carriers, and load and unload company aircraft, while TWA moves all freight within the air cargo building.

1966 marked the culmination of North Central's five-year program to establish a Reservations Center capable of handling the company's phenomenal growth and an electronic reservations system adequate for meeting future expansion. The completion of this program became even more important with plans to add jet aircraft so that experience could be gained in the new reservations system before the company moved into its jet age.

The program began with a series of consolidations of reservations offices into Milwaukee. Then new quarters

were acquired and facilities expanded to handle the transfer of the consolidated Chicago office to the Milwaukee Reservations Center. Next came the company's early tie-in with the Electronic Switching System—a cooperative industry effort to speed interline teletype messages—and the consolidation of additional cities. Early in 1966, a new Call Distributor System was installed at the Reservations Center to improve telephone answering service by greatly increasing the available telephone lines and automatically directing calls to an available agent. Also, reservations service for six more cities was added to the Center.

In April 1966, North Central's electronic reservations system became a reality, as the company was linked to Eastern Air Lines UNIVAC 490 computer. The Center now provides instantaneous reservations and flight information to nearly 70 per cent of North Central's passengers and 90 per cent of the Center's interline requests, represented by 11 airlines. In addition, these 11 airlines can obtain immediate reservations information on all North Central flights.

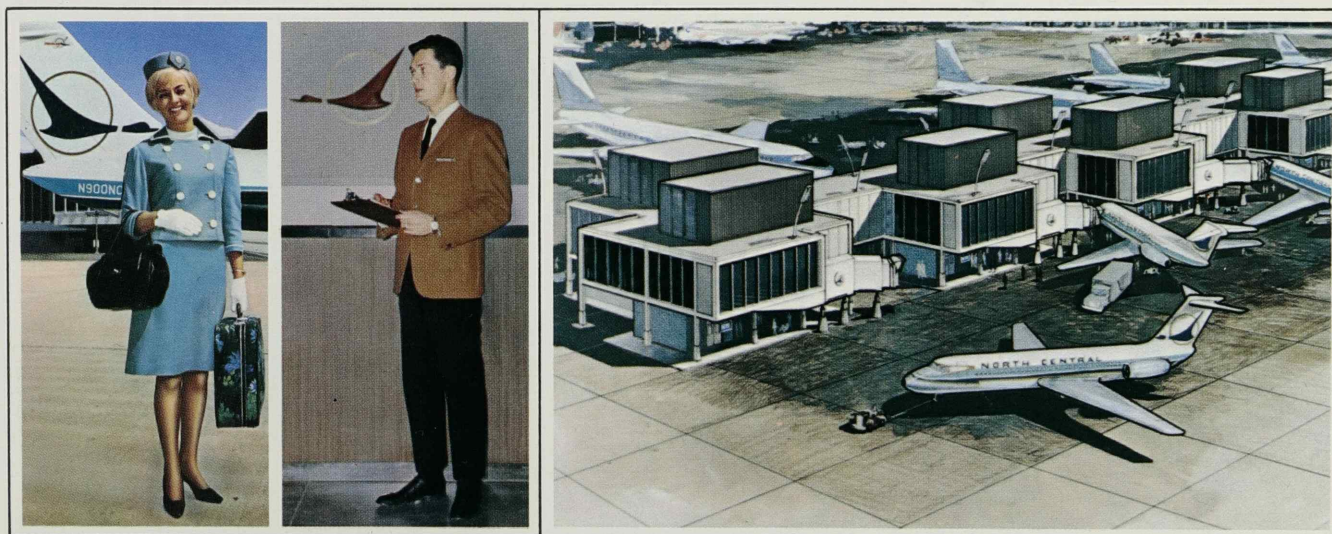
In its first eight months of computerized operation, the Reservations Center processed 4,662,000 "agent transactions" for the 1,465,000 passengers carried. The Center itself, by handling 1,031,000 incoming telephone calls and 1,866,000 North Central and interline teletype messages, produced 913,000 passengers in this period.

The new electronic reservations system will continue to be improved and expanded to handle the increased seat availability which jet service will bring.

To speed up ticketing services at airport and city ticket offices, special teletype equipment was installed. Four regional passenger service manager positions were created for better supervision of ticket counter and gate operations.

To emphasize North Central's "New Look" in 1967, stewardesses and senior passenger service agents were outfitted with newly designed uniforms in corporate colors. The high-fashion suit for stewardesses is in turquoise, with white piping and button trim. Senior passenger service agents are now easily identifiable in their new gold sport coats and black trousers.

Services offered by North Central have been given extensive coverage with the traveling and shipping public. Some 18,000 personal sales calls were made during the



Stewardesses and Senior Passenger Service Agents have taken on North Central's "New Look" for the jet age.

Five "speedways" will permit second-level loading for jet operation at O'Hare International Airport.

year, and over 200 speeches and group tours were given to tell the North Central story. The company's color movie, "The Northliner," was shown to more than 100 civic, educational, and airline groups. Several new sales positions were established, bringing North Central's sales staff up to four regional managers, an agency/interline manager, and 17 district managers and representatives.

The airline expanded its in-flight service, as dinner and luncheon menus were completely changed to include a greater variety of foods and beverages. During the summer months, complimentary beer was served on more flights.

New ground service equipment was purchased during the year to improve the Northliners' reliability and comfort. Four new mobile air conditioning units, along with existing ones, are used to cool aircraft on the ground between flights, at the company's larger stations. Hydraulically-operated deicing units are now in operation at several points on North Central's system to help keep winter flights on schedule by quickly deicing aircraft. Bought for jet operations, these larger units can also be used for washing and servicing the planes.

In line with the company's policy of using the most efficient and economical equipment, a new IBM System/360, Model 40 data processing installation was placed in service in May. This system now processes payroll; ticket, cargo, and mail billings; financial statements; statistical reports; inventory control records; and maintenance information. It consists of a central processor, a paper tape reader, a card reader and punch, high speed printer, two magnetic tape units, and three disk drive units.

In maintenance and engineering, aircraft records, blueprints, and other departmental information have been transferred to microfilm. This process permits greatly reduced storage area and efficient retrieval of the thousands of documents on aircraft maintenance.

Construction and modernization of facilities have been accomplished at many stations on North Central's system. During 1966, new terminal buildings were completed and put into operation at airports serving Bismarck/Mandan, North Dakota; Detroit, Benton Harbor/St. Joseph, Michigan; and Madison, Wisconsin. In addition, work has started on a new terminal building for Saginaw/Bay City/Midland, Michigan.

Extensive terminal remodeling was completed at airports serving Kalamazoo and Hancock/Houghton, Michigan; Menominee, Michigan/Marinette, Wisconsin; Oshkosh/Appleton and Rhinelander, Wisconsin; and South Bend, Indiana. Other stations with remodeling projects scheduled to be completed in 1967 are: International Falls, Bemidji, and Brainerd, Minnesota; Rapid City and Watertown, South Dakota; Omaha, Nebraska; and Chicago.

New passenger loading facilities are being constructed by the company at Chicago's O'Hare International Airport to add second-level gates and holding areas. These will be completed when jet operations begin. Featured are five "speedways," which are ramps that will extend from the gates to DC-9 aircraft and permit passengers to be protected from the weather as they enter and leave the planes.

North Central and several other airlines moved their operations from Willow Run Airport at Ypsilanti, Michigan, to expanded terminal facilities at Detroit Metropolitan Airport in 1966. North Central's new \$1,725,000 Detroit maintenance base also became operational. The new facility, which can accommodate three DC-9 fan jets simultaneously, serves the eastern portion of the airline's system. It is the only airline hangar in the world with a High Expansion Foam System for fire extinguishing.

With the tremendous growth North Central has experienced, new headquarters facilities have become a necessity. In December 1966, the Metropolitan Airports Commission approved a new \$15-million general office and main operations base for North Central at the Minneapolis-St. Paul International Airport. Construction is scheduled to begin in the Spring of 1967, and be completed in 1968.

The new complex will replace all of the company's present facilities now located in seven buildings at the airport. In addition to permitting greater efficiency, the structures are designed for expansion to meet North Central's space requirements for the next 20 years as the airline moves ahead in the jet age.

North Central will continue to make improvements in service, equipment, and facilities in 1967 to provide the best regional airline service possible.



North Central's new maintenance base at Detroit Metropolitan Airport is now operational. It can accommodate three DC-9's simultaneously.

Route development

DURING THE YEAR, significant applications were made by North Central to the Civil Aeronautics Board for new routes and the lifting of operating restrictions on existing segments. These applications could add four new states and one Canadian province to the company's system.

In one of the most important decisions the C.A.B. has made regarding the regional airlines, the Board issued notice in December 1966 of a proposed policy change which would permit these carriers to operate nonstop flights between previously restricted points. This program would greatly increase the operating authority of the regionals and strengthen North Central's applications for changes in service pattern.

At present, North Central serves 90 cities in 10 Midwest states and Canada over a 7,000-mile route system.

NORTH CENTRAL IS CURRENTLY INVOLVED IN THE FOLLOWING ROUTE PROCEEDINGS:

OPERATING FLEXIBILITY APPLICATIONS

The C.A.B. issued notice in December of a proposed policy change which would permit North Central and the other local service carriers to operate nonstop flights between previously restricted points on their systems. Under the policy change, the local airlines could receive nonstop authority between points where competitive trunk line services are involved.

In making the announcement, the C.A.B. noted that "it is appropriate to adopt a more liberal policy in approving changes in service patterns. It is clear," the C.A.B. statement continued, "that the present operational limitations in the local service carriers' route systems do not offer sufficient opportunities to take advantage of the lower unit direct operating cost characteristics of the new jet technology, and thereby reduce subsidy."

Subsequent to that announcement, North Central applied for nonstop service between Minneapolis/St. Paul and Omaha and between Milwaukee and Detroit.

Earlier in the year the company requested authorization for shuttle service between Detroit and Cleveland. An application has also been filed to operate between Minneapolis/St. Paul and Chicago with two stops, Milwaukee with one stop, and Madison with one stop. There would be no reduction in the service now provided by North Central to intermediate cities on this segment.

TORONTO SERVICE

The Bilateral Air Transport Agreement between the United States and Canada was signed by both parties on January 17, 1966. Among other things, the agreement provides for a Detroit-Toronto route to be operated by a United States local service carrier.

North Central has applications on file to operate Detroit-Toronto and Chicago-Toronto nonstop service. Following public hearings and initial decisions by the C.A.B. examiners in both the Detroit-Toronto and Los Angeles-Chicago-Toronto cases, the parties involved filed briefs and presented oral arguments to the Board. Final decisions in both cases are expected to be made early in 1967.

CLEVELAND-BALTIMORE

During 1966, North Central applied for authority to operate between Cleveland and Baltimore, via the intermediate city of Pittsburgh. This segment of 316 miles would improve the eastern portion of the system by adding the two major cities of Baltimore and Pittsburgh.



A North Central Convair 440 is serviced at Green Bay, one of the 90 cities on the airline's 7,000-mile route system.

OMAHA-ST. LOUIS

North Central filed an application for authority to operate a 341-mile segment from Omaha to St. Louis nonstop. If approved, it would bring a new major terminal—St. Louis—to the system and give the company its first entry into Missouri.

OMAHA-KANSAS CITY

The company has applied for a 165-mile route between Omaha and Kansas City, Missouri. If approved, this would give the company authority to provide nonstop service between the two terminals.

RAPID CITY-OMAHA

North Central has requested authorization to operate nonstop flights between Rapid City and Omaha. Both cities are now served by the company, but there is no authority for direct flights. The new route would provide faster air transportation between the two cities.

SIOUX FALLS-ROCHESTER-CHICAGO

The airline has filed an application for a route between Sioux Falls, South Dakota, and Chicago—with one intermediate stop at Rochester, Minnesota. This new route of 484 miles would facilitate air travel from the Dakotas to Rochester and Chicago by making single carrier service available to several cities in these states. It would also add Rochester to North Central's system.

MINNEAPOLIS/ST. PAUL-DENVER

A petition by North Central was filed with the C.A.B. in September 1966, asking that the Twin Cities-California service investigation be revised to include the matter of nonstop Minneapolis/St. Paul-Denver authority. Early in 1967 the Board denied this petition. However, the company has a separate application on file for nonstop service between the Twin Cities and Denver which would add 694 miles to the company's system. If approved, North Central would make its first entry into Colorado and add the major terminal of Denver.

TRANSFER INVESTIGATIONS

In line with the C.A.B.'s plan to strengthen regional carriers through transfer of segments and cities from trunk carriers to regional airlines, North Central has applied for a new segment between Saginaw/Bay City/Midland, Michigan, and Chicago, via Muskegon, Michigan. At the same time, the company refiled its application requesting that United Air Lines' certificate be amended to delete Flint, Saginaw/Bay City/Midland, Lansing, and Muskegon. If the Board acts favorably on this application, the company will provide improved replacement service.

Management development

IN APRIL, North Central Airlines' stockholders amended the company's bylaws to enlarge the Board of Directors to 12 members.

In addition to the re-election of the eight incumbent directors, the following new members were added to the Board: Chan Gurney, Yankton, South Dakota, and Samuel H. Maslon, Jay Phillips, and Morton B. Phillips of Minneapolis, Minnesota. Their backgrounds of government service and extensive business experience will be important to North Central's further growth.

During 1966, North Central continued its program of developing personnel from within the organization to meet expanding management needs. In accordance with this policy, Gowan J. Miller, Staff Assistant to the Vice President-Industrial Relations, was elected an Assistant Secretary. David E. Moran, formerly Manager-Adver-

tising and Promotion, was named Director-Traffic and Sales, following the death of Frank N. Buttomer, Vice President-Traffic and Sales.

In the Maintenance and Engineering Department, the position of Manager-Plant Equipment was established, while the Treasury Department added a Supervisor of Credit and Collections to handle the company's expanded credit program. To further promote North Central's services, a Chicago Regional Traffic and Sales Manager and a Western Regional Manager were appointed in the Traffic and Sales Department; and a Regional Fleet Service Manager, in the Ground Operations Department.

A. D. Niemeyer, North Central Vice President, retired in August 1966 after serving the company for over 12 years in the Flight Operations Department.

The future

NORTH CENTRAL looks forward to 1967 with great enthusiasm as the airline prepares to enter the jet age. With the introduction of Convair 580 prop-jets in April 1967 and 100-passenger DC-9 fan jets in the Summer, Northliner passengers will be provided with faster, more comfortable service, and increased seat availability.

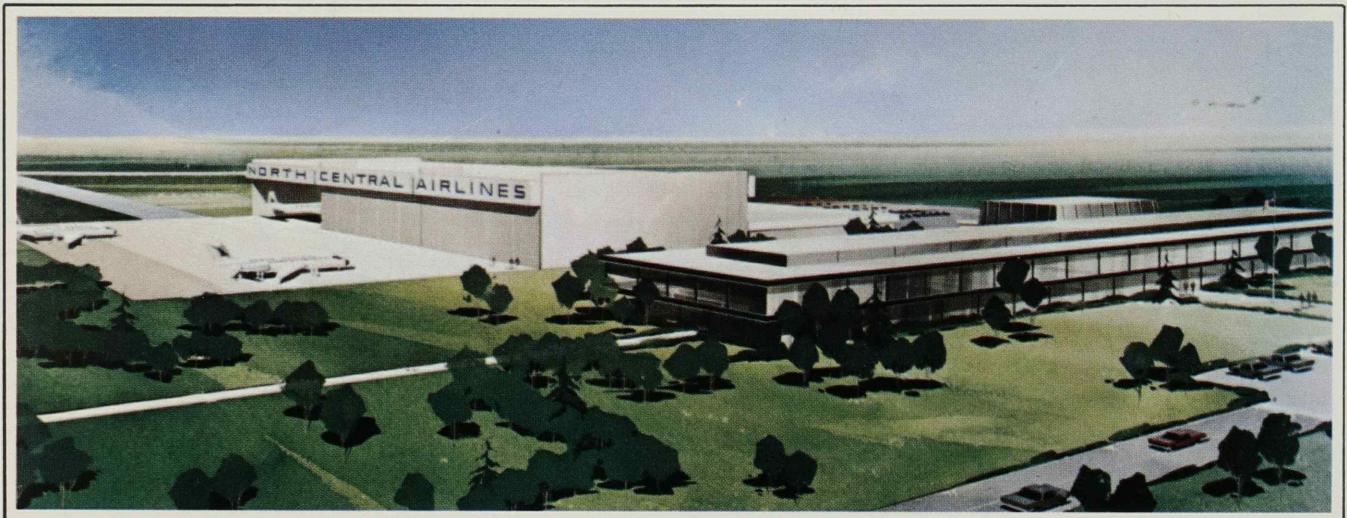
Extensive personnel training, acquisition of specialized equipment, and improvements of facilities over the system will make the airline's transition to jets an efficient one. An accelerated advertising and sales program is already underway to promote the jet age "New Look" at North Central.

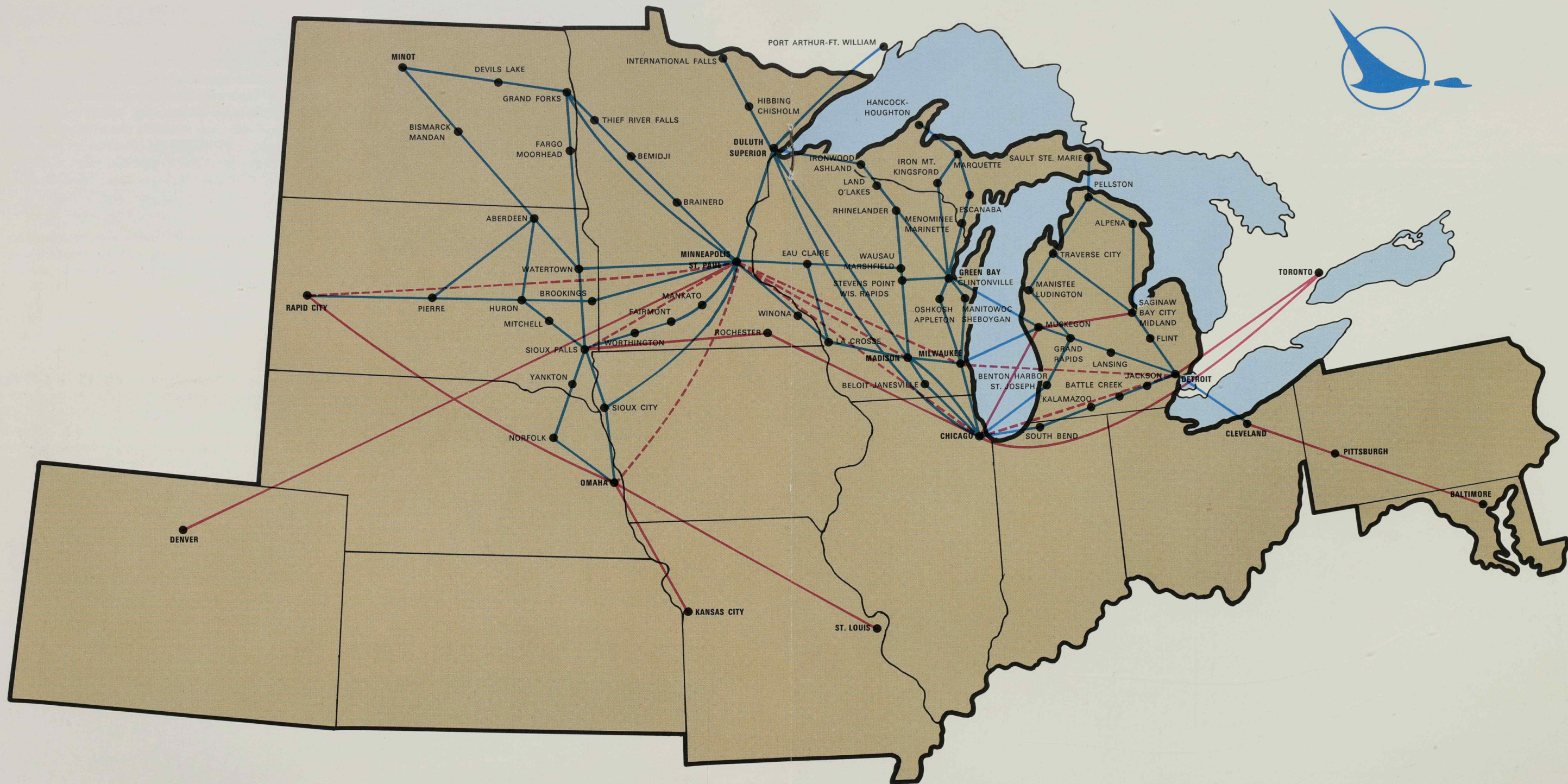
The Civil Aeronautics Board's proposed policy change

to permit the regional airlines to operate nonstop flights between previously restricted points on their systems was one of the most important decisions made by the Board in 1966. Under this proposal, North Central's operating authority would be greatly increased, by allowing service to additional high-density traffic markets, and the effectiveness of the new DC-9's and Convair 580's improved.

With jet flight equipment, anticipated route changes, and an aggressive sales program, the company expects substantial increases in passenger and cargo traffic for 1967. The additional revenues generated by this traffic, along with the operating efficiencies of jet aircraft, should result in record profits for North Central again in 1967—as the company enters a new era in its history.

Construction is scheduled to begin this Spring on North Central's new \$15-million general office and main operations base at the Minneapolis-St. Paul International Airport.





Routes of the Northliners

Present routes
 Proposed routes
 Nonstop routes

PRIMARY NONSTOPS which might be
 authorized under C.A.B. Docket No. 18022



NORTH CENTRAL AIRLINES, INC.

Assets

	1966	1965
CURRENT ASSETS		
Cash	\$ 1,479,809	\$ 1,593,962
Accounts receivable		
United States Government (Note 1)	1,174,220	1,279,910
Traffic (Note 2)	2,888,877	2,467,632
Other	418,210	476,387
	<u>4,481,307</u>	<u>4,223,929</u>
Flight equipment parts, at average cost (less deterioration reserves of \$408,577 and \$369,592)	1,213,486	1,183,017
Maintenance and operating supplies	308,532	293,529
Prepaid expenses and sundry deposits	977,152	846,238
Total current assets	<u>8,460,286</u>	<u>8,140,675</u>
OPERATING PROPERTY AND EQUIPMENT—at cost (Note 2)		
Flight equipment	18,970,282	16,780,907
Ground equipment.	2,587,820	1,500,631
Hangar buildings and improvements to leased property (Note 4)	2,590,410	2,255,154
Furniture and data processing equipment	1,040,482	389,289
	<u>25,188,994</u>	<u>20,925,981</u>
Less accumulated depreciation	9,732,414	8,291,930
	<u>15,456,580</u>	<u>12,634,051</u>
Advance payments on flight equipment (Notes 4 and 7).	8,483,793	2,551,645
	<u>23,940,373</u>	<u>15,185,696</u>
DEFERRED CHARGES		
Unamortized development costs.	218,139	72,123
Unamortized discount and expense on debt	104,275	68,088
Rentals and other	222,572	245,223
	<u>544,986</u>	<u>385,434</u>
	<u>\$32,945,645</u>	<u>\$23,711,805</u>

The accompanying notes are an integral part of this statement.

Comparative Balance Sheet - December 31, 1966 and 1965

Liabilities

	1966	1965
CURRENT LIABILITIES		
Short-term borrowing (Note 2)	\$ 400,000	\$ —
Current maturities of long-term debt	2,497,153	1,458,553
Accounts payable	4,784,136	3,533,392
Tickets outstanding	232,018	165,752
Taxes withheld or collected as agents	309,321	433,357
Income taxes (Note 8)	(73,683)	299,192
Accrued liabilities		
Salaries and wages	928,054	1,065,876
Payroll and property taxes	160,177	141,438
Other	622,942	437,568
Total current liabilities	9,860,118	7,535,128
LONG-TERM DEBT (Note 2)		
Notes payable to banks	13,851,000	9,691,000
Other notes payable	4,694,926	2,093,483
Subordinated debentures	763,000	851,500
	19,308,926	12,635,983
Less current maturities	2,497,153	1,458,553
	16,811,773	11,177,430
STOCKHOLDERS' EQUITY		
Common stock—authorized, 10,000,000 shares of \$.20 par value; issued and outstanding, 8,755,513 and 8,732,038 shares respectively (Notes 2 and 6)	1,751,103	1,746,408
Paid-in capital (Note 6)	410,447	295,246
	2,161,550	2,041,654
Retained earnings (Note 2)	4,112,204	2,957,593
	6,273,754	4,999,247
COMMITMENTS AND CONTINGENT LIABILITY (Notes 4 and 5)	—	—
	<u>\$32,945,645</u>	<u>\$23,711,805</u>



NORTH CENTRAL AIRLINES, INC.

Comparative Statement of Earnings

Years ended
December 31, 1966 and 1965

	1966	1965
OPERATING REVENUES		
Passenger	\$30,261,479	\$23,720,203
Freight and express	2,215,862	1,811,578
Mail	743,075	571,921
Public service revenue (after excluding \$300,000 and \$760,000 respectively of profit sharing to government) (Note 1)	5,767,888	7,199,418
Non-scheduled transport service	432,842	357,515
Other, including excess baggage	191,525	230,396
Total operating revenues	<u>39,612,671</u>	<u>33,891,031</u>
OPERATING EXPENSES		
Flying operations	9,868,343	8,362,924
Maintenance	8,112,192	6,993,952
Passenger service	2,130,920	1,684,747
Aircraft and traffic servicing	9,790,463	8,156,746
Promotion and sales	3,304,216	2,773,774
General and administrative	1,836,944	1,354,970
Depreciation and amortization	2,253,361	1,997,488
Total operating expenses	<u>37,296,439</u>	<u>31,324,601</u>
Operating profit	2,316,232	2,566,430
OTHER EXPENSE (INCOME)		
Interest (Note 7)	485,671	437,064
Sundry (net)	(68,842)	(23,151)
Total other expense (income)	<u>416,829</u>	<u>413,913</u>
Earnings before income taxes	1,899,403	2,152,517
INCOME TAXES (Note 8)		
States	37,000	37,000
Federal, less investment credits of \$160,075 and \$56,974 respectively	707,792	976,765
	<u>744,792</u>	<u>1,013,765</u>
NET EARNINGS	<u>\$ 1,154,611</u>	<u>\$ 1,138,752</u>

The accompanying notes are an integral part of this statement.

Comparative Statements of Retained Earnings and Paid-in Capital Years ended December 31, 1966 and 1965

	1966	1965
RETAINED EARNINGS		
Retained earnings—beginning of year (Note 2)	\$2,957,593	\$1,818,841
Net earnings for the year	1,154,611	1,138,752
Retained earnings—end of year (Note 2)	<u>\$4,112,204</u>	<u>\$2,957,593</u>
PAID-IN CAPITAL		
Paid-in capital—beginning of year	\$ 295,246	\$ 295,246
Excess of proceeds over par value of common stock issued upon conversion of debentures (Note 2)	86,680	—
Excess of proceeds over par value of common stock issued under option (Note 6)	28,521	—
Paid-in capital—end of year	<u>\$ 410,447</u>	<u>\$ 295,246</u>

The accompanying notes are an integral part of this statement.

Notes to financial statements

December 31, 1966

1. PUBLIC SERVICE REVENUE—Public service revenue received from the Federal Government is subject to review and adjustment by the Civil Aeronautics Board. Settlement has been completed through the year 1963. The years 1964 and 1965 are presently under review with provision having been made for all known adjustments.

2. LONG-TERM DEBT AND TEMPORARY BORROWING—Notes payable to banks as of December 31, 1966 are as follows:

	Current Maturity	Final Payment	Outstanding Balance
5½% Notes payable.....	\$ 450,000	1976	\$ 6,700,000
5½% Notes payable.....	1,350,000	1970	5,151,000
6% Notes payable.....	350,000	1970	2,000,000
	<u>\$2,150,000</u>		<u>\$13,851,000</u>

The 5½% and 6% notes are part of a \$21,000,000 loan agreement with banks, the proceeds to be used principally for the acquisition of DC-9 aircraft. Of the \$8,700,000 drawn to date, \$5,989,070 was placed on deposit for future delivery of jet equipment. A fee of ¼ of 1% per annum is payable on the unused portion of the commitment. Final maturity on the last borrowing under this agreement will be in 1976. The notes are currently secured by all aircraft and related parts owned and to be acquired (See Note 4).

Among other things, the bank agreements require a minimum defined working capital and contain certain restrictions regarding the payment of cash dividends and capital expenditures.

Other notes payable consist of (1) \$2,207,870 due Douglas Aircraft Company in 1968 at 6½% per annum; (2) \$1,685,000 on 3.25 to 5% Wayne County Airport bonds repayable at approximately \$110,000 per year including interest to 1990; and (3) miscellaneous equipment purchase notes of \$802,056.

The 5½% convertible debentures are subject to redemption in whole or in part at the election of the company at any time prior to June 1, 1978. Conversion rights to common stock exist at rates of \$8.00 per share to June 1, 1971 and \$10.00 per share thereafter to maturity. Conversion rights were exercised for 12,975 shares at \$6.50 and 500 shares at \$8.00 during the year. The debentures are subordinated to other long-term debt, and contain certain restrictions as to the payment of cash dividends.

Temporary borrowing of \$400,000 is collateralized by certain receivables.

3. PENSION PLAN—The company has non-contributory pension plans covering most of its employees. The total pension expense for the year was \$920,000, which, in the opinion of the company's actuaries, will result in the development of adequate reserves for the requirements of the plans.

4. COMMITMENTS—Ten DC-9 aircraft and related spare parts at a cost of approximately \$39,000,000 are on order. Five are scheduled for delivery in 1967 and five in 1968. Financing on the second five aircraft has not been completed. The company has an option to purchase five additional DC-9's.

The company has a contract to convert a minimum of 20 of its Convair 440 aircraft to Allison 580 turbo-prop configuration, with an option to convert up to 11 more. The conversions will be accomplished during 1967 and 1968 at a cost of approximately \$17,000,000 for the first 20. Financing is to be provided by six per cent notes due upon completion of the final conversion. The converted Convairs will become security for these notes as well as those mentioned in Note 2.

Construction commitments at O'Hare International Airport aggregate \$1,700,000 of which \$460,000 is reflected in the balance sheet. Minimum rentals under other major lease agreements at Minneapolis-St. Paul, Chicago, Detroit and Milwaukee approximate \$920,000 annually.

The company is obligated for up to \$500,000 in engineering fees for a proposed new office building and operational facilities at the Minneapolis-St. Paul Airport. This amount is expected to be included in the cost of a long-term lease to be executed in 1967.

5. VACATION PAY—The company records vacation pay as a period charge. The unrecorded obligation as of December 31, 1966 was estimated at \$282,000 net of income tax credits.

6. STOCK OPTIONS—A total of 250,000 authorized but unissued shares of common stock were reserved for officers and key employees of the company under a qualified stock option plan. A total of 220,000 of the reserved shares were granted prior to 1966 at a price of \$3.05208 per share. Options expire five years after the date of grant. During the year, an option was exercised on 10,000 shares.

7. CAPITALIZED INTEREST—Interest expense for 1966 was reduced by \$267,000 and capitalized principally as aircraft acquisition costs. This compares with \$119,000 for the prior year.

8. INCOME TAXES—Federal income tax returns have been examined and settled through 1963. The balance sheet reflects an overpayment of 1966 Federal income taxes of \$89,000, less applicable states' taxes due.

Auditor's Opinion

ALEXANDER GRANT & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

*Stockholders and Directors
North Central Airlines, Inc.*

We have examined the balance sheet of NORTH CENTRAL AIRLINES, INC. (a Wisconsin corporation) as of December 31, 1966 and the related statements of earnings, retained earnings and paid-in capital for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We made a similar examination for the preceding year.

In our opinion, the accompanying balance sheet and statements of earnings, retained earnings and paid-in capital present fairly the financial position of North Central Airlines, Inc. at December 31, 1966 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Alexander Grant & Company

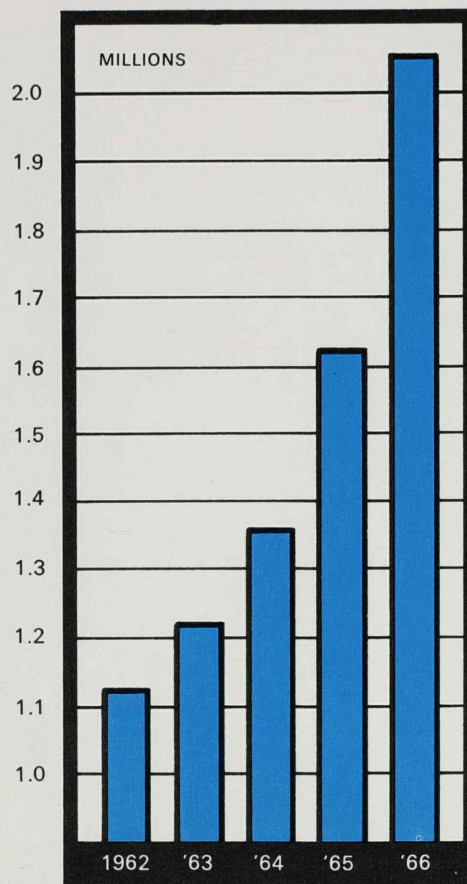
Milwaukee, Wisconsin
February 3, 1967

Five-year earnings summary

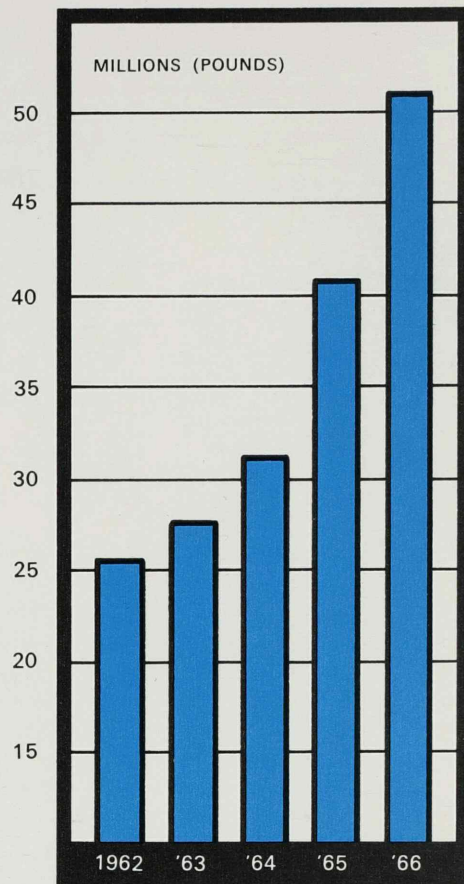
	1966	1965	1964	1963	1962
OPERATING REVENUES					
Passenger	\$30,261,479	\$23,720,203	\$20,002,281	\$18,064,524	\$16,750,086
Public Service Revenue	5,767,888	7,199,418	7,274,370	7,644,080	8,286,733
Other	3,583,304	2,971,410	2,438,126	2,168,100	1,833,426
TOTAL	\$39,612,671	\$33,891,031	\$29,714,777	\$27,876,704	\$26,870,245
OPERATING EXPENSES					
Direct Expenses	\$17,980,535	\$15,356,876	\$13,666,142	\$13,076,180	\$12,858,386
Indirect Expenses	17,062,543	13,970,237	12,303,601	11,812,690	11,561,629
Depreciation and Amortization	2,253,361	1,997,488	1,712,800	1,541,857	1,183,464
TOTAL	\$37,296,439	\$31,324,601	\$27,682,543	\$26,430,727	\$25,603,479
Operating Profit	2,316,232	2,566,430	2,032,234	1,445,977	1,266,766
Non-operating Income and Expenses, Net	(416,829)	(413,913)	(301,371)	(403,549)	(335,014)
Earnings Before Taxes	\$ 1,899,403	\$ 2,152,517	\$ 1,730,863	\$ 1,042,428	\$ 931,752
Income Taxes	744,792	1,013,765	886,299	520,715	491,812
Net Earnings	\$ 1,154,611	\$ 1,138,752	\$ 844,564	\$ 521,713	\$ 439,940

Five years of record progress for North Central

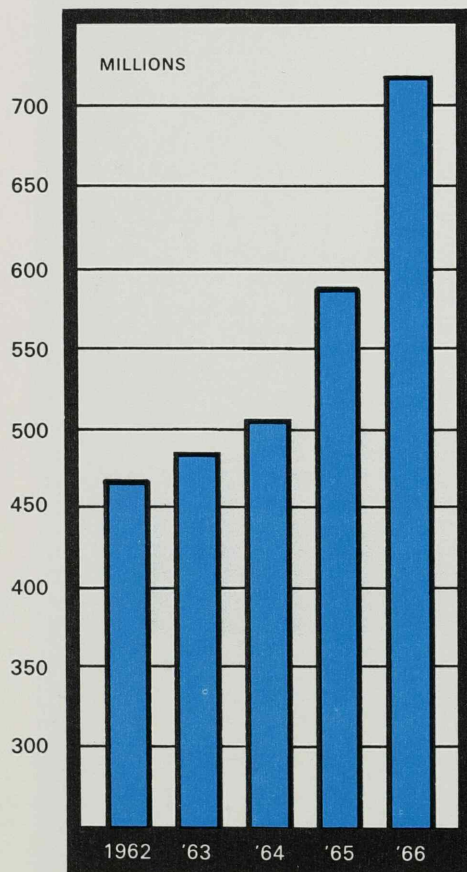
PASSENGERS



CARGO



SEAT MILES



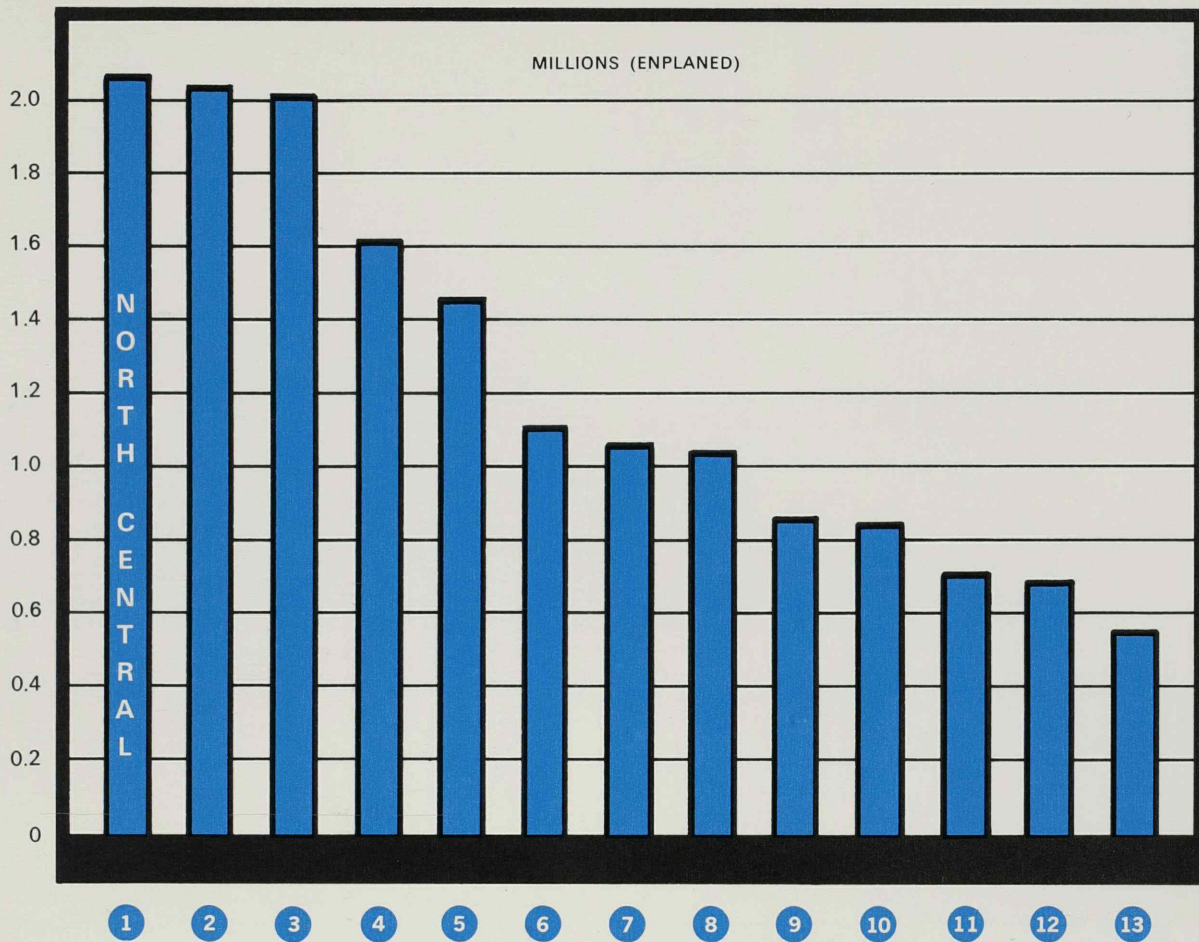
EVERY YEAR since North Central began scheduled operations in 1948, new passenger records have been established. Some 2,056,209 passengers were carried in 1966—27 per cent more than in 1965—and 88 per cent greater than five years ago. The passenger increase in 1966 was 439,309 over the previous year—the largest in the company's 19-year history.

Aided by the addition of a second Cargoliner last year, North Central carried 52,278,042 pounds of cargo, including mail, freight, and express. This was 28 per cent ahead of 1965. Air cargo has increased 133 per cent during the last five years.

During 1966, 736,044,776 seat miles were flown—25 per cent ahead of 1965. Compared with five years ago, this is a 69 per cent increase.

With the inauguration of service by DC-9 fan jets and Convair 580 prop-jets during 1967, North Central will substantially increase its available seats and cargo capacity. As a result, 1967 should be another year of notable traffic growth for the company.

1966 REGIONAL AIRLINE PASSENGER TRAFFIC



1 NORTH CENTRAL.....2,056,209

2 Allegheny.....2,031,776

3 Mohawk.....2,010,285

4 Piedmont.....1,606,772

5 Ozark.....1,478,455

6 Trans-Texas.....1,116,278

7 Southern.....1,051,554

8 Frontier.....1,031,617

9 Pacific.....856,014

10 Bonanza.....848,063

11 Lake Central.....708,043

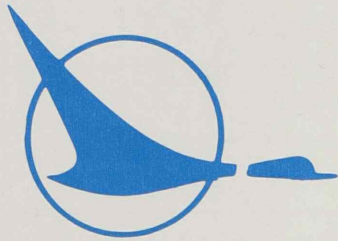
12 West Coast.....698,737

13 Central.....558,434

1966 regional airline passenger traffic

THE regional airline industry carried 16,052,237 passengers in 1966. This was a 23 per cent increase over the previous year.

During 1966, North Central led all the regional carriers by enplaning a record 2,056,209 passengers, for an increase of 27 per cent. In addition, the company set two other all-time industry highs—a monthly record of 230,215 passengers in August, and a daily mark of 9,343 on August 19.



Safety

THE Air Transport Association recently noted that 1966 was the safest year for air travel since record-keeping began in 1938, and North Central takes great pride in contributing to that achievement. During 1966, while carrying record-breaking passenger and cargo traffic over its 7,000-mile route system, the company extended its perfect safety record to 19 years.

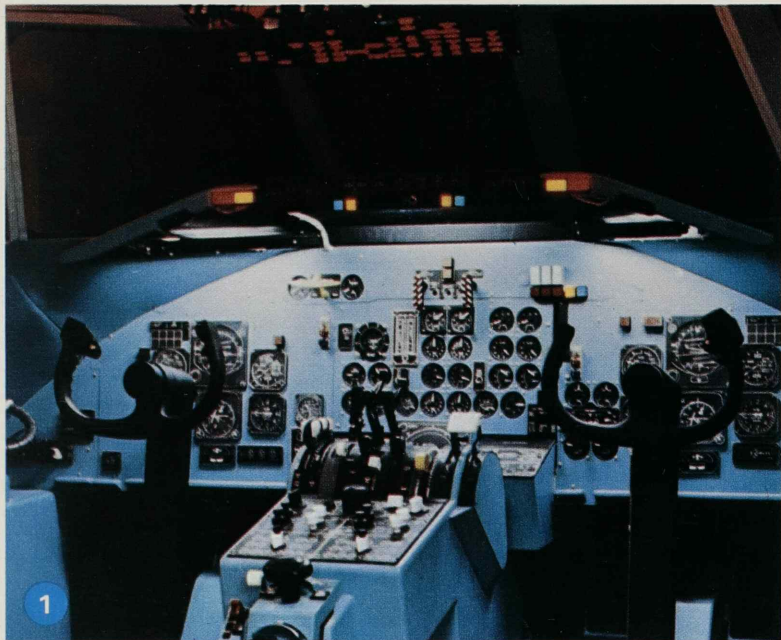
This achievement demonstrates the dedication of the airline's employees in performing their work efficiently and the continuing efforts of the company to assure passenger safety and comfort.


North Central has been awarded a National Safety Council citation every year of its operation.

Since inaugurating scheduled service on February 24, 1948, the airline has carried over 13,700,000 passengers and flown 2,272,400,000 passenger miles without a single fatality or injury to passengers or crew members.

The "new look" in jet-age equipment

- 1** Many new training aids were purchased to prepare flight crews for North Central's entry into the jet age. Among those in use are a DC-9 cockpit procedure trainer (pictured), a Transdyne navigational flight director trainer, and a Convair 580 cockpit trainer.
- 2** Passenger service agents at North Central's Reservations Center in Milwaukee now use UNIVAC "agent sets", which are part of the company's new electronic reservations system, providing passengers with instantaneous reservations and flight information.
- 3** Four new Yankee-Walter mobile aircraft deicing units have been put into operation this year to help combat the severe winter weather conditions on North Central's system.
- 4** Microfilm equipment has vastly reduced the amount of storage space needed for aircraft maintenance records, and the 80,000 special blueprints that detail parts of the new DC-9 fan jets.
- 5** The company's new IBM System/360 Model 40 data processing computer was put in operation during 1966. The system processes and produces payrolls; ticket, air freight, and mail billings; financial statements; statistical reports; inventory control records; and maintenance records.





There's now a jet set in Bemidji, Minnesota!

They've got connections!


When business calls, the NORTH CENTRAL AIRLINES!



In Worthington, Minnesota (the turkey capital of the world) some of our passengers do a lot of squawking


Even though they travel first class

When business calls, the NORTH CENTRAL AIRLINES!



You'll find our key salesmen... in the most unlikely places


When business calls, the NORTH CENTRAL AIRLINES!



If he thinks he can make a 300 mile business trip and get back here in time to sign these letters, he's got to be kidding!

Oops! He must have flown North Central.

When business calls, the NORTH CENTRAL AIRLINES!



Do you inspect your vehicle thoroughly before every trip, replace tires, clean plugs and ignition system, overhaul the engine, install new steering mechanism and shock absorbers long before they really need it?

We do.

When business calls, the NORTH CENTRAL AIRLINES!

They're trail blazing again at North Central

When business calls, the NORTH CENTRAL AIRLINES!



IOWA & NEBRASKA

WELCOME ABOARD NORTH CENTRAL.



CHICAGO

CLEVELAND OHIO

SOUTH BEND, INDIANA

CANADA - PORT ARTHUR & FT. WILLIAM



SKINORTHCENTRALUSA

For a real ski-action holiday at any one of these hills:

SKI AREA	LOCATIONS
NORTH DAKOTA	1. MINNEAPOLIS
SOUTH DAKOTA	2. SIOUX FALLS
NEBRASKA	3. LINCOLN
MINNESOTA	4. ST. PAUL
WISCONSIN	5. MILWAUKEE
ILLINOIS	6. CHICAGO
INDIANA	7. INDIANAPOLIS
MICHIGAN	8. DETROIT
OHIO	9. CLEVELAND
PENNSYLVANIA	10. PHILADELPHIA
NEW YORK	11. NEW YORK
MAINE	12. PORTLAND
VERMONT	13. MONTPELIER
N.H.	14. PORTSMOUTH
VT.	15. RUTLAND
CT.	16. HARTFORD
MA.	17. BOSTON
N.J.	18. NEWARK
PA.	19. PITTSBURGH
MD.	20. BALTIMORE
DE.	21. PHILADELPHIA
VA.	22. RICHMOND
NC.	23. RALEIGH
SC.	24. COLUMBIA
GA.	25. ATLANTA
FL.	26. MIAMI
LA.	27. NEW ORLEANS
TX.	28. DALLAS
OK.	29. OKLAHOMA CITY
MO.	30. ST. LOUIS
KS.	31. WICHITA
NE.	32. LINCOLN
SD.	33. SIOUX FALLS
ND.	34. GRAND RAPIDS
MI.	35. DETROIT
WI.	36. MILWAUKEE
IL.	37. CHICAGO
IN.	38. INDIANAPOLIS
OH.	39. CLEVELAND
PA.	40. PHILADELPHIA
N.Y.	41. NEW YORK
MA.	42. BOSTON
N.H.	43. PORTSMOUTH
VT.	44. RUTLAND
CT.	45. HARTFORD
MA.	46. BOSTON
N.J.	47. NEWARK
PA.	48. PITTSBURGH
MD.	49. BALTIMORE
VA.	50. RICHMOND
NC.	51. RALEIGH
SC.	52. COLUMBIA
GA.	53. ATLANTA
FL.	54. MIAMI
LA.	55. NEW ORLEANS
TX.	56. DALLAS
OK.	57. OKLAHOMA CITY
MO.	58. ST. LOUIS
KS.	59. WICHITA
NE.	60. LINCOLN
SD.	61. SIOUX FALLS
ND.	62. GRAND RAPIDS
MI.	63. DETROIT
WI.	64. MILWAUKEE
IL.	65. CHICAGO
IN.	66. INDIANAPOLIS
OH.	67. CLEVELAND
PA.	68. PHILADELPHIA
N.Y.	69. NEW YORK
MA.	70. BOSTON
N.H.	71. PORTSMOUTH
VT.	72. RUTLAND
CT.	73. HARTFORD
MA.	74. BOSTON
N.J.	75. NEWARK
PA.	76. PITTSBURGH
MD.	77. BALTIMORE
VA.	78. RICHMOND
NC.	79. RALEIGH
SC.	80. COLUMBIA
GA.	81. ATLANTA
FL.	82. MIAMI
LA.	83. NEW ORLEANS
TX.	84. DALLAS
OK.	85. OKLAHOMA CITY
MO.	86. ST. LOUIS
KS.	87. WICHITA
NE.	88. LINCOLN
SD.	89. SIOUX FALLS
ND.	90. GRAND RAPIDS
MI.	91. DETROIT
WI.	92. MILWAUKEE
IL.	93. CHICAGO
IN.	94. INDIANAPOLIS
OH.	95. CLEVELAND
PA.	96. PHILADELPHIA
N.Y.	97. NEW YORK
MA.	98. BOSTON
N.H.	99. PORTSMOUTH
VT.	100. RUTLAND
CT.	101. HARTFORD
MA.	102. BOSTON
N.J.	103. NEWARK
PA.	104. PITTSBURGH
MD.	105. BALTIMORE
VA.	106. RICHMOND
NC.	107. RALEIGH
SC.	108. COLUMBIA
GA.	109. ATLANTA
FL.	110. MIAMI
LA.	111. NEW ORLEANS
TX.	112. DALLAS
OK.	113. OKLAHOMA CITY
MO.	114. ST. LOUIS
KS.	115. WICHITA
NE.	116. LINCOLN
SD.	117. SIOUX FALLS
ND.	118. GRAND RAPIDS
MI.	119. DETROIT
WI.	120. MILWAUKEE
IL.	121. CHICAGO
IN.	122. INDIANAPOLIS
OH.	123. CLEVELAND
PA.	124. PHILADELPHIA
N.Y.	125. NEW YORK
MA.	126. BOSTON
N.H.	127. PORTSMOUTH
VT.	128. RUTLAND
CT.	129. HARTFORD
MA.	130. BOSTON
N.J.	131. NEWARK
PA.	132. PITTSBURGH
MD.	133. BALTIMORE
VA.	134. RICHMOND
NC.	135. RALEIGH
SC.	136. COLUMBIA
GA.	137. ATLANTA
FL.	138. MIAMI
LA.	139. NEW ORLEANS
TX.	140. DALLAS
OK.	141. OKLAHOMA CITY
MO.	142. ST. LOUIS
KS.	143. WICHITA
NE.	144. LINCOLN
SD.	145. SIOUX FALLS
ND.	146. GRAND RAPIDS
MI.	147. DETROIT
WI.	148. MILWAUKEE
IL.	149. CHICAGO
IN.	150. INDIANAPOLIS
OH.	151. CLEVELAND
PA.	152. PHILADELPHIA
N.Y.	153. NEW YORK
MA.	154. BOSTON
N.H.	155. PORTSMOUTH
VT.	156. RUTLAND
CT.	157. HARTFORD
MA.	158. BOSTON
N.J.	159. NEWARK
PA.	160. PITTSBURGH
MD.	161. BALTIMORE
VA.	162. RICHMOND
NC.	163. RALEIGH
SC.	164. COLUMBIA
GA.	165. ATLANTA
FL.	166. MIAMI
LA.	167. NEW ORLEANS
TX.	168. DALLAS
OK.	169. OKLAHOMA CITY
MO.	170. ST. LOUIS
KS.	171. WICHITA
NE.	172. LINCOLN
SD.	173. SIOUX FALLS
ND.	174. GRAND RAPIDS
MI.	175. DETROIT
WI.	176. MILWAUKEE
IL.	177. CHICAGO
IN.	178. INDIANAPOLIS
OH.	179. CLEVELAND
PA.	180. PHILADELPHIA
N.Y.	181. NEW YORK
MA.	182. BOSTON
N.H.	183. PORTSMOUTH
VT.	184. RUTLAND
CT.	185. HARTFORD
MA.	186. BOSTON
N.J.	187. NEWARK
PA.	188. PITTSBURGH
MD.	189. BALTIMORE
VA.	190. RICHMOND
NC.	191. RALEIGH
SC.	192. COLUMBIA
GA.	193. ATLANTA
FL.	194. MIAMI
LA.	195. NEW ORLEANS
TX.	196. DALLAS
OK.	197. OKLAHOMA CITY
MO.	198. ST. LOUIS
KS.	199. WICHITA
NE.	200. LINCOLN



GIFTS

NORTH CENTRAL AIRLINES



For real fishing... FISH CANADA with NORTH CENTRAL AIRLINES

NORTH CENTRAL AIRLINES



SKI NORTH CENTRAL USA

NORTH CENTRAL AIRLINES

Advertising

ADVERTISING was once again directed to the business and vacation travel markets. North Central's image, as one of the nation's leading regional air carriers, received greater exposure during 1966 as the company expanded its advertising program to include national media.

Newspaper advertising was carried in all cities on North Central's system. Attractive ads were also placed in *The Wall Street Journal* and in *Fortune*, *Newsweek*, and *Ski* magazines.

Radio and television were used to dramatize to the traveling public the story of North Central's service. Radio commercials were heard in over 55 cities on the system. The company also sponsored a television weather show and a weekly aviation program. Outdoor advertising, in the form of billboard displays, attracted attention in many of the key cities served by the company.

An aggressive advertising campaign is being developed for 1967 featuring the DC-9 fan jets and Convair prop-jets to inform travelers of North Central's "New Look" as it enters the jet age.

Promotions

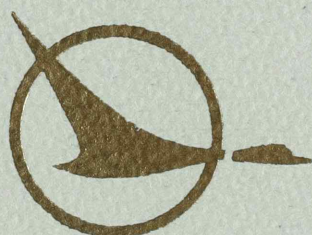
SPECIAL PROMOTIONS were developed and carried out by North Central during 1966 to highlight the airline's service. North Central's all-expense ski package tours were expanded to include five major ski areas. A comprehensive ski promotion brochure, describing the five tours and the 27 ski areas across North Central's system in North Dakota, South Dakota, Minnesota, Wisconsin, Michigan, and Canada, was developed. Over 50 ski resorts are only "minutes away" from cities served by the airline.

To feature its ski program, the company created a special display which was used at ski shows in Detroit, Chicago, and Minneapolis. The display emphasized to ski enthusiasts the convenience of air travel on North Central for ski holidays.

One of the most successful new developments during the year was the distribution of a colorful brochure, "Welcome Aboard North Central." The brochure is used in the seat packet on the airplanes and promotes the recreational and vacation opportunities in the airline's territory. It also includes tips and information on air travel.

A new field of promotion was entered in 1966 when the company began its merchandising program. Some 14 items with North Central identification are available for purchase by the public. Included are such articles as flight bags, luggage tags, sets of glasses, and flight valets. An attractive brochure, including a mail order form, is now carried in the seat packets aboard all Northliner flights.

In 1967, North Central's "New Look" will receive special promotion as new equipment facilities, and services are offered by the company.



North Central Airlines, Inc.

6201 Thirty-Fourth Avenue South

MINNEAPOLIS, MINNESOTA 55450