

# NORTHWEST AIRLINES, INC.

## *Annual Report*

1952





# NORTHWEST AIRLINES, INC., *Annual Report*

OFFICERS AND DIRECTORS\*

19  52

## OFFICERS

CROIL HUNTER, *Chairman, Board of Directors*  
HAROLD R. HARRIS, *President and Chief Executive Officer*  
MALCOLM S. MACKAY, *Executive Vice President*  
E. I. WHYATT, *Vice President and Comptroller*  
FRANK C. JUDD, *Vice President—Operations*  
LINUS C. GLOTZBACH, *Vice President and Assistant to the President*  
A. E. FLOAN, *Vice President and Secretary*  
L. S. HOLSTAD, *Treasurer*  
D. J. KING, *Regional Vice President—Orient Region*  
J. W. MARINER, *Assistant Vice President—Sales*  
A. D. PIEPGRAS, *Assistant Treasurer*  
C. L. STEWART, *Assistant Secretary*

## DIRECTORS

CROIL HUNTER—*Chairman, Board of Directors, Northwest Airlines, Inc.*  
MORTON H. FRY—*Partner, Riter and Company, New York City*  
WM. TUDOR GARDINER—*Chairman, Board of Directors, Incorporated Investors, Boston, Mass.*  
ROBERT M. HARDY—*President, Sunshine Mining Co., Yakima, Wash.*  
HAROLD R. HARRIS—*President and Chief Executive Officer, Northwest Airlines, Inc.*  
JOSEPH T. JOHNSON—*President, The Milwaukee Co., Milwaukee, Wis.*  
MALCOLM S. MACKAY—*Executive Vice President, Northwest Airlines, Inc.*  
ALONZO PETTEYS—*Vice President and Director, Farmers State Bank, Brush, Colorado*  
C. FRANK REAVIS—*Partner, Hodges, Reavis, McGrath, Pantaleoni and Downey, New York City*  
ALBERT G. REDPATH—*Partner, Auchincloss, Parker & Redpath, New York City*  
WILLIAM STERN—*President, Dakota National Bank, Fargo, N. D.*


*Registrar* THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK, N. Y.  
*Transfer Agent* BANKERS TRUST COMPANY, NEW YORK, N. Y.


*\*As of April 17, 1953.*


GENERAL OFFICES: 1885 UNIVERSITY AVENUE, ST. PAUL I, MINNESOTA


# 1952 OPERATING AND FINANCIAL HIGHLIGHTS


## NORTHWEST AIRLINES IN 1952


 **REDUCED** bank loan by \$6,340,000.


 **ESTABLISHED** new twice weekly round-trip Stratocruiser service to Tokyo.

 **CONCLUDED** an arrangement with Eastern Air Lines which will provide Northwest with approximately 9,200,000 additional seat miles per month during our 1953 season between Chicago and the West Coast.

 Total operating revenues *1952* \$61,552,380 *1951* \$54,685,060

 Passenger revenues *1952* \$41,962,758 *1951* \$35,192,765

 Net profit *1952* \$ 1,789,337 *1951* \$ 1,785,671

 Net profit per common share *1952* \$1.64 *1951* \$1.64  
*(after provision for dividends on preference shares)*

A WORLD OF EXPERIENCE

• OVER 26 YEARS







## TO SHAREOWNERS OF NORTHWEST AIRLINES

### FINANCIAL

For the year 1952, Northwest Airlines' net profit after taxes amounted to \$1,789,337 which was equivalent, after provision for dividends on the preference shares, to \$1.64 per share on the 820,858 shares of common stock outstanding. The net profit for the year compares with the net profit for 1951 of \$1,785,671, which also amounted to \$1.64 per share of common stock.

Operating revenues for 1952 were \$61,552,380 which was \$6,867,320 more than 1951 revenues or an increase of 12.6%. This was notwithstanding a drop of \$1,021,895 in U. S. mail pay. Operating expenses amounted to \$60,046,698 which was \$8,421,877 more than in 1951, an increase of 16.3%. Operating profit was thus \$1,505,682, as compared with an operating profit of \$3,060,239 in 1951. This decline in operating profit was compensated for by a non-operating profit of \$1,595,978 resulting chiefly from the sale of Martin 202 aircraft—removed from scheduled service in 1951—and related spare parts. This non-operating profit may be regarded as an offset against depreciation expense of this type aircraft over past years.

The 1952 increase in operating expenses resulted from rising costs of labor, materials and services, and a substantial expansion in the Company's volume of operations. The Company had about 20% more seat miles available (and about 14% more ton miles available) in commercial service in 1952 than in 1951.

Record passenger revenues in 1952 totaled \$41,962,758, an increase of 19.2% over 1951. Mail revenues from the U. S. Government were \$6,767,020, a decrease of \$1,021,895 from the

1951 figure. Freight and express revenues amounted to \$5,116,171, an increase of \$468,044 above 1951. Revenues of \$5,463,614 from the conduct of the Pacific Airlift for the U. S. Government were \$259,934 less than in 1951.

The financial results for the year 1952 do not, however, tell the entire story. Operations in the first six months of the year were affected by certain non-recurring events. In that period the Company showed a loss from operations of \$2,082,921. This compares with a profit from operations of \$533,442 for the first six months of 1951. In part, this loss in 1952 was attributable to: 1) a severe spring flood at our main overhaul base at Holman Field, St. Paul, which required the expenditure of over \$200,000 for protective measures, and caused indirect losses from interrupted operations, and; 2) a temporary curtailment of flight schedules necessitated by shortages in aviation gasoline caused by a strike in oil refineries, which resulted in an estimated loss of \$350,000 in operating profits.



NWA Charter Flights Helped General Eisenhower Cover Ground During 1952 Presidential Campaign



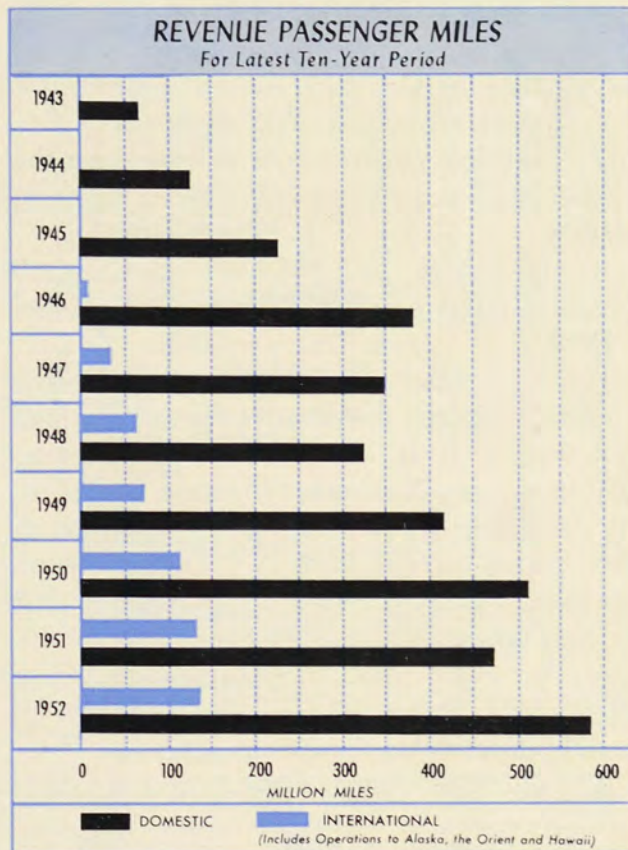
On the other hand, operations for the last six months of 1952 showed a substantial improvement over the same period in 1951. Apart from the profit on the sale of the Martins, there was an operating profit for this period of \$3,588,603, compared with an operating profit of \$2,526,797 for the same period of the preceding year.

The passenger load factor—the ratio of passengers carried to space available—over our entire system was 63.75% in 1952 as against 63.91% in 1951. During 1952, however, we had approximately 20% more space available for sale.

On December 31, 1952 net working capital totaled \$3,073,309, a rise of \$1,152,846 over that on December 31, 1951. During 1952 \$6,340,000 was repaid on our bank loans. The unpaid balance thereof on December 31, 1952 was \$6,800,363.

#### FLYING EQUIPMENT

In 1952 the Company took steps to restore the overall volume of its service which had been substantially reduced in 1951 by the removal from service of the Martin 202's. This was accomplished through increased utilization of equipment. The Company still does not have sufficient modern equipment to handle the available passenger and cargo business, and it is one of its primary goals to secure such equipment and to further improve the utilization of present equipment. In order to accomplish this,



we have entered into a contract with Eastern Airlines under which, through the operation by Northwest Airlines' personnel of an Eastern Airlines Super Constellation between Chicago and the West Coast, we will provide 9,200,000 additional seat miles per month in domestic services during our 1953 season. We are now engaged in adding eight seats to each of our Stratocruisers. This program will be completed



Colorful Ceremonies in Japanese Capital Marked Inauguration of Stratocruiser Service to Tokyo



Northwest Specializes in "Package" Vacation Tours to Hawaii, Alaska, and Other Points on its System



by early summer 1953, and will provide about 4,000,000 additional seat miles per month. In the Pacific, the Company extended its Stratocruiser service in April 1952 as far as Tokyo and in the immediate future will increase the frequency of this service and will extend it to Manila.

At the end of 1952 we were operating 10 Boeing Stratocruisers, 24 Douglas DC-4's and 8 DC-3's.

We have reached an agreement with the Lockheed Aircraft Corporation for the purchase of 6 Model 1049E Super Constellations to be delivered from November 30, 1954 to February 28, 1955. We will finance the purchase of these planes by term loans of \$15,000,000 from our present banking group, which will also lend to the Company the sum of \$6,800,000 to refinance presently outstanding bank loans. The terms of the agreement with the banks are set forth in the proxy statement.

The purchase of modern equipment is part of

a program to further build Northwest Airlines. We hope to supplement this by other arrangements under which additional available seat miles can be furnished to the public. We are confident that, without affecting the safety or the quality of service offered by the Company, operating expenses per unit can be reduced. Progress has already been made in this respect.

#### PROPOSED MERGER DROPPED

The proposed merger of Northwest Airlines with Capital Airlines was terminated as a result of the failure of shareowners at their annual meeting held May 19, 1952 to approve it by the required affirmative vote.

#### MAIL RATES

The temporary rates previously set by the Civil Aeronautics Board for domestic mail service for the period December 8, 1947 to December 31, 1950 were made final in 1952. Also, a reduced rate covering domestic mail service was made effective as of January 1, 1952. This new rate is 53c per ton mile of mail carried, the "service" or subsidy-free rate for airlines of our classification.

In February 1953, the Civil Aeronautics Board action made final the rates previously agreed upon for the carriage of international mail for the period between the inception of this service on September 26, 1946 and December 31, 1950. Also, new future rates from



Pusan, Korea and Taipei, Formosa, are Among the Strategic Points in Orient Served by NWA



Conferences of NWA Sales Executives Concentrate On Staff Training and New Selling Techniques



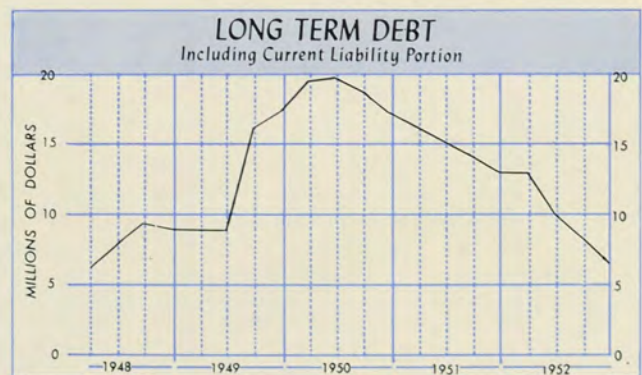
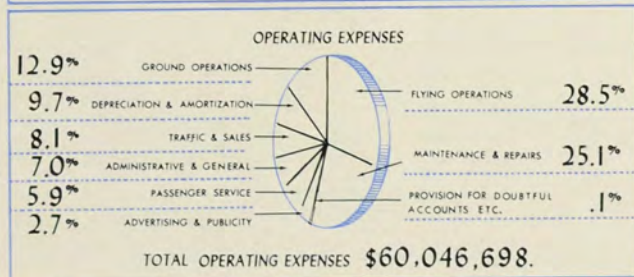
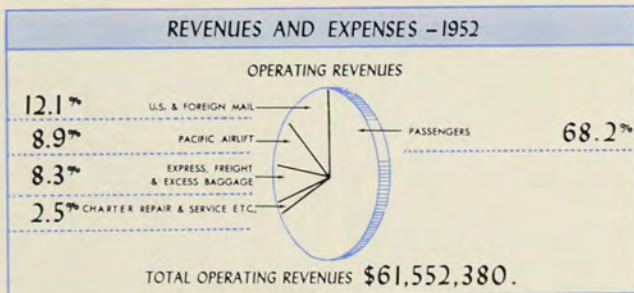
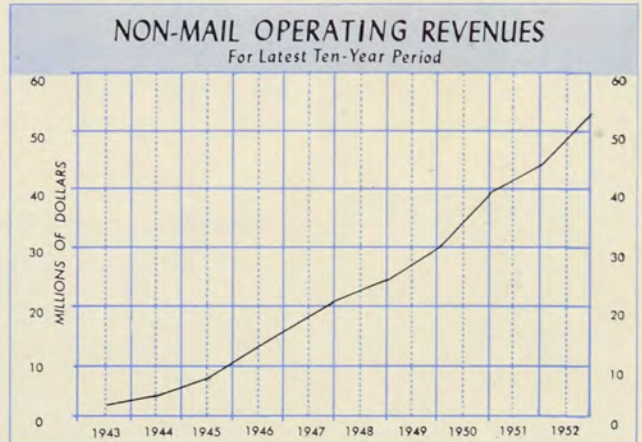
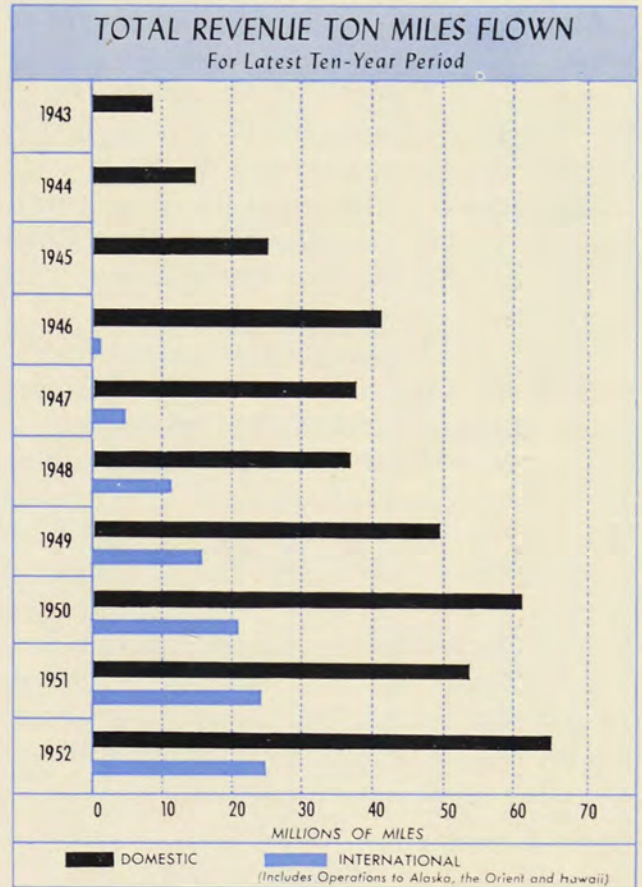
and after January 1, 1952 were established.

As a result of the above orders of the Civil Aeronautics Board, we are now conducting our current mail service under permanent rates; all past periods are covered by permanent rates, except for the calendar year 1951. In regard to this year, the Company has had informal conferences with the Civil Aeronautics Board. It is expected that these will be resumed or that formal hearings will be entered into in the near future.

In comparison with the Company's U. S. mail revenue of \$6,767,020, it should be noted that the major taxes paid by the Company, or collected by it, for 1952 total \$7,026,692. We paid \$647,015 in Federal gasoline and oil taxes, \$323,516 in Federal payroll taxes, accrued \$1,090,000 for Federal income taxes, and, on behalf of the Federal Government, collected \$4,373,510 in transportation taxes from our passengers and shippers. Also, we paid direct State and local taxes amounting to \$592,651. In addition, we paid indirect taxes of many kinds.

**ROUTES**

During 1952, your Company's service at Duluth, Minnesota, and La Crosse and Eau Claire, Wisconsin, was suspended and the Company has applications pending for suspension of its service at a number of other local points on its certificate which have not yet been set down for hearing.





Also during 1952, hearing was completed before an Examiner of the Civil Aeronautics Board on our application for authorization of service between Seattle and Portland. The Examiner has recommended that the Board grant this application. Adoption of the recommendation will improve the Company's West Coast service and the efficiency and economy of its operations.

During 1953 hearings will be held on applications of the Company covering the following routes: Cleveland-New York; Chicago-Detroit; Chicago-New York and Detroit-Buffalo-New York. Hearings will also be held on the renewal of its certificate for overseas and foreign routes covering service between the United States and Alaska, Seattle-Portland and Honolulu, and trans-Pacific service between the United States-Tokyo, Manila and other points in the Orient. In addition, requests have been made for authority to serve Hong Kong, Bangkok, Calcutta and other points in southeast Asia.

#### KOREAN AIRLIFT

Throughout 1952, Northwest continued to serve as a prime contractor to the U. S. Government in the operation of the Korean military airlift. At the end of 1952 more than 1,000 round trips in this vital airlift had been completed by the Company.

Maintenance Crews of NWA  
Work 'Round the Clock Keeping Operating  
Equipment in Perfect Condition



*Croil Hunter*  
Chairman of the Board

*Harold R. Harris*  
President

#### JAPANESE AIR LINES

For one year ending October 24, 1952, Northwest Airlines co-operated with the intra-Japan airline, Nippon Koku Kabushiki Kaisha, in the establishment and conduct of its operations and in training Japanese personnel to take over an increasing proportion of operations functions.

#### PERSONNEL

In 1952, we paid \$27,638,706 in salaries and wages. At the end of the year we employed 5,709 persons.

#### MANAGEMENT CHANGES

In January 1953, Mr. Croil Hunter, who had been President and General Manager of the Company since 1937, resigned from this position and became Chairman of the Board of Directors. To succeed him, Mr. Harold R. Harris was elected President and Chief Executive Officer. Prior to assuming the office with Northwest, Mr. Harris was Vice President of the Atlantic Division of Pan American World Airways and before that he had a long experience as an executive in commercial and military air transportation.

It is the intention of the executives of your Company to exert their full efforts to provide an efficient operation, while stressing safety and attention to the needs of our customers. We wish to express our gratification at the high quality of the personnel of the Company and our appreciation for their diligence in working for the Company's advancement.

*By authority of the Board of Directors,*

April 17, 1953  
Saint Paul, Minnesota



## PROGRESS FOR THE LATEST 10 YEARS

Calendar Year	Total Operating Revenue	Passenger Revenue	Express and Freight Revenue	Revenue Passenger Miles	Mail Ton Miles	Total Plane Miles Flown
1952	\$61,552,380	\$41,962,758	\$4,781,081	720,046,264	5,017,993	23,210,634
1951	54,685,060	35,192,765	4,371,533	602,220,853	4,571,276	19,531,632
1950	52,456,700	33,148,395	4,122,222	613,446,244	4,987,561	26,868,177
1949	39,970,747	27,873,942	3,163,278	495,114,870	4,722,800	25,908,552
1948	34,369,835	24,074,778	2,072,362	386,509,809	4,026,074	22,288,002
1947	26,800,428	20,520,631	1,019,497	382,544,382	2,736,938	20,824,912
1946	19,976,204	18,062,492	553,875	385,858,473	2,049,659	19,304,234
1945	12,196,652	10,060,619	409,613	218,469,773	2,698,378	12,870,714
1944	7,923,865	6,073,967	246,030	120,475,305	2,450,401	7,523,146
1943	5,194,775	3,139,713	297,941	63,787,683	2,001,532	4,584,766

Colorful City of Hong Kong and its Busy Harbor—  
Served by NWA in conjunction with Hong Kong Airways













LIABILITIES

CURRENT LIABILITIES—Note B

Accounts payable and accrued expenses:		
Trade accounts .....	\$ 3,832,826	
Salaries, wages, and vacation compensation .....	2,460,623	
Air travel contract deposits—gross .....	705,500	
Pay roll taxes and taxes withheld from employees' wages .....	482,447	
Retirement plan contributions, including amounts withheld from employees' wages .....	73,047	
Savings bond and other deductions from employees' wages .....	131,576	
Accrued local taxes .....	246,220	\$ 7,932,239
Unearned transportation revenue—estimated .....		639,739
Federal and state taxes on income—estimated .....		1,200,924
Current maturities of long-term debt, less prepayments for January 1 and April 1, 1953, aggregating \$1,670,000 .....		1,670,000
		<hr/>
TOTAL CURRENT LIABILITIES		\$11,442,902

LONG-TERM DEBT—secured—Note A

4% Notes payable to banks under Credit Agreement, less current maturities of \$1,670,000 .....		5,130,363
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CAPITAL STOCK AND SURPLUS—Note D

Capital stock:		
Cumulative Preference Stock, par value \$25.00 per share; authorized 600,000 shares issuable in series:		
4.6% Cumulative Preference Stock Series; authorized and issued 390,000 shares; entitled upon liquidation (voluntary) or redemption to \$25.75 per share to May 1, 1953, thereafter to \$25.25 per share, plus accumulated unpaid dividends; convertible to January 1, 1957, into one and one-half shares of Common Stock for each share of 4.6% Cumulative Preference Stock—Note B:		
Outstanding 381,025 shares after deducting 8,975 shares permanently retired through market fund purchases .....	\$ 9,525,625	
Common Stock, par value \$10.00 per share—Note E:		
Authorized 3,000,000 shares; issued and outstanding 820,858 shares ....	8,208,580	
Capital surplus (after deduction of \$560,625 for part of dividends paid in prior years on 4.6% Cumulative Preference Stock) .....	2,839,663	
	<hr/>	
	\$20,573,868	
Earned surplus .....	2,779,437	23,353,305
	<hr/>	

CONTINGENT LIABILITIES—Note F

\$39,926,570

See accompanying Notes to Financial Statements.





# PROFIT AND LOSS STATEMENT for years ended DECEMBER 31, 1952 and 1951

NORTHWEST AIRLINES, INC.

OPERATING REVENUES	1952	1951
Transportation:		
Passengers .....	\$41,962,758	\$35,192,765
U. S. mail—Note C .....	6,767,020	7,788,915
Foreign mail .....	705,712	619,764
Express, freight, and excess baggage .....	5,116,171	4,648,127
Charter and other .....	1,055,368	305,159
Pacific airlift for the U. S. Government—Note G .....	5,463,614	5,723,548
Repair and service income, rents, etc.—net .....	481,737	406,782
	<hr/> \$61,552,380	<hr/> \$54,685,060
 OPERATING EXPENSES		
Flying operations .....	\$17,133,826	\$15,109,156
Ground operations .....	7,718,824	6,734,534
Maintenance and repairs .....	15,061,044	11,837,319
Passenger service .....	3,518,469	3,382,318
Traffic and sales .....	4,888,213	4,200,676
Advertising and publicity .....	1,616,186	1,281,198
Administrative and general, pay roll taxes, property taxes, etc. ....	4,226,206	3,623,099
Provision for depreciation and amortization .....	5,815,495	5,428,598
Provision for doubtful accounts, adjustments, recoveries, etc. ....	68,435	27,923
	<hr/> \$60,046,698	<hr/> \$51,624,821
	OPERATING PROFIT \$ 1,505,682	\$ 3,060,239
 OTHER INCOME		
Profit from disposals of property—net .....	\$ 1,595,978	\$ 481,055
Profit from sale of surplus parts inventories .....	113,369	111,281
Discounts and interest earned .....	94,250	77,921
Recovery on WW II contract costs .....	100,000	
Interest on marketable securities .....		126
Sundry .....	12,387	10,126
	<hr/> \$ 1,915,984	<hr/> \$ 680,509
	\$ 3,421,666	\$ 3,740,748
 OTHER DEDUCTIONS		
Interest and debt expense:		
Interest on long-term debt .....	\$ 412,814	\$ 619,971
Other long-term debt expense .....	13,867	33,625
	<hr/> \$ 426,681	<hr/> \$ 653,596
Other interest expense .....	2,202	127
Route extension and development .....	3,545	2,314
Sundry .....	84,901	99,040
	<hr/> \$ 517,329	<hr/> \$ 755,077
	PROFIT BEFORE TAXES ON INCOME \$ 2,904,337	\$ 2,985,671
 TAXES ON INCOME		
Estimated federal and state taxes on income (no excess profits taxes required) .....	\$ 1,115,000	\$ 1,425,000
Reduction in taxes on income arising from carry-forward of operating loss of prior year .....		225,000
	<hr/> \$ 1,115,000	<hr/> \$ 1,200,000
	NET PROFIT \$ 1,789,337	\$ 1,785,671

See accompanying Notes to Financial Statements.



# SURPLUS ACCOUNT STATEMENT *for year ended DECEMBER 31, 1952*



NORTHWEST AIRLINES, INC.

## CAPITAL SURPLUS

Balance at January 1, 1952 (after deduction of \$560,625 for part of dividends paid in prior years on 4.6% Cumulative Preference Stock) .....	\$ 2,821,033
Add excess of par value over cost of 3,820 shares of 4.6% Cumulative Preference Stock permanently retired through market fund purchases .....	18,630
Balance at December 31, 1952 (after deduction of \$560,625 for part of dividends paid in prior years on 4.6% Cumulative Preference Stock) .....	<u>\$ 2,839,663</u>

## EARNED SURPLUS

Balance at January 1, 1952 .....	\$ 1,320,787
Add net profit for the year .....	1,789,337
	<u>\$ 3,110,124</u>
Deduct cash dividends on 4.6% Cumulative Preference Stock—86.25 cents per share for the three quarters ending November 1, 1952 (dividends payable February 1, 1953 were declared January 5, 1953) .....	330,687
Balance at December 31, 1952 .....	<u>\$ 2,779,437</u>

*See accompanying Notes to Financial Statements.*



## NOTES TO THE FINANCIAL STATEMENTS

### A-Bank Credit Agreement

The Credit Agreement with banks (with which Reconstruction Finance Corporation has agreed upon request of the lending banks to purchase a participation in the loan) requires annual fixed payments of \$3,340,000 in equal installments on the first days of each calendar quarter. Additional payments, indeterminate in amount and contingent upon happenings specified in the Agreement, also may be required.

The loan is secured (a) by chattel mortgages on certain flight equipment which at December 31, 1952, was carried in the accounts at a depreciated cost of \$15,027,560; (b) by mortgages on certain hangars and other improvements at airports at Minneapolis, Minnesota, and Seattle, Washington, carried in the accounts at December 31, 1952, at a depreciated cost of \$1,143,167; and (c) by a Cash Collateral Account of \$442,856. Under certain conditions, monies in the Cash Collateral Account may be released to the Company upon the replacement of the released property.

Under the Credit Agreement, the Company also is required to maintain as additional security for the payment of principal of and interest on the loan, a Cash Collateral Account, which at all times, shall be equal to the excess of the unpaid balance of the loan over 80% of the depreciated cost of all flight equipment. At December 31, 1952, no amount was required as such collateral.

The Company has covenanted that, among other things, it will not permit the excess of current assets over current liabilities (exclusive of current maturities of long-term debt) at any time to be less than \$4,000,000.

### B-Market Fund for 4.6% Cumulative Preference Stock

So long as any of the 4.6% Cumulative Preference Stock is outstanding, the Company is required to set aside on or before March 31st in each year to and including 1957, an amount equal to 10% of its net earnings (as defined) for the preceding calendar year, but not more than 3% of the par value of such Stock theretofore issued. Such funds are to be used to purchase such Stock on the market at a price not exceeding \$25 per share exclusive of brokerage charges and taxes. Any funds not so applied during the twelve months period following the date of having been set aside will revert to the Company. After 1957, other, and cumulative, sinking fund provisions become applicable.

Pursuant to the above provisions, the Company set aside \$76,875 on March 31, 1952, and purchased 3,820 shares of the 4.6% Cumulative Preference Stock at an aggregate cost of \$76,871, returning \$4 to the general funds of the Company.

Pursuant to the foregoing provisions, the Company is required to set aside \$127,114 on or before March 31, 1953.

During any period while the Company is in default with respect to payment of dividends on the Cumulative Preference Stock, the Company shall not purchase any of such Stock except pursuant to an offer to all holders thereof and shall not redeem less than all of such Stock then outstanding.

### C-Mail Transportation Compensation

As determined through proceedings conducted before the Civil Aeronautics Board, the Company's mail pay for the year



## (NOTES CONTINUED)

1950 and prior periods (as previously reported) and for the year 1952 are final.

The Company's mail rates for the year 1951 are temporary. The effect of the Board's ultimate determination for that year is not known at this time.

### D-Restrictions on Dividends

Under provisions of the Credit Agreement (Note A) the Company may not, without the prior written consent of the representative of the lending banks and the Reconstruction Finance Corporation, pay dividends (other than stock dividends) on, or purchase, retire, or redeem any of its capital stock except that (a) 4.6% Cumulative Preference Stock may be retired through market fund purchases (Note B); and (b) dividends on such class of Stock may be declared and paid to the extent that the net improvement at the date of the declaration thereof in the earned surplus since March 31, 1949, exceeds \$224,250. At December 31, 1952, such improvement in earned surplus amounted to \$3,929,379. However, under the covenant to maintain not less than \$4,000,000 net current assets (See Note A) the amount free for dividends on 4.6% Cumulative Preference Stock at December 31, 1952, was \$743,309, the excess of net current assets at that date over the amount required to be maintained.

The terms of the Cumulative Preference Stock also contain restrictions relative to dividends on and repurchase of Common Stock which are less limiting than those contained in the Credit Agreement.

### E-Common Stock Reservations and Options

Of the 2,179,142 shares of unissued Common Stock:

- (a) 571,537½ shares were reserved for conversion of the 4.6% Cumulative Preference Stock;
- (b) 14,800 shares were reserved for options which may be granted in the future to officers and employees; and
- (c) 15,147 shares were subject to outstanding options (at prices approximately market at the time the options were granted) as follows:
  - (i) 5,147 shares at \$10 per share to January 10, 1954;
  - (ii) 10,000 shares at \$11.25 to October 23, 1955.

### F-Contingent Liabilities

The Company is involved in a number of lawsuits arising from the ordinary course of business. Claims exceed insurance coverages by approximately \$507,000 and claims approximating \$50,000 are not covered by insurance or other indemnification. The Company believes these matters will be settled without material effect on its financial position.

### G-Renegotiation of Profits

Operations of the Company for 1950, 1951, and 1952 included transactions under fixed price contracts with the U. S. Government which provide for price redetermination and renegotiation of profits. Price redeterminations have been settled through December 31, 1952. The effect of renegotiation of profits is indeterminable at this time.

## REPORT of INDEPENDENT PUBLIC ACCOUNTANTS

*Board of Directors  
Northwest Airlines, Inc.  
Saint Paul, Minnesota*

We have examined the balance sheet of NORTHWEST AIRLINES, INC. as of December 31, 1952, and the related statements of profit and loss and surplus 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. It was not possible to confirm by communication accounts receivable from certain U. S. Government departments and agencies, as to which accounts we satisfied ourselves by other auditing procedures.

In our opinion, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the financial position of NORTHWEST AIRLINES, INC. at December 31, 1952, 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.

Saint Paul, Minnesota  
March 10, 1953

ERNST & ERNST  
Certified Public Accountants



# NORTHWEST AIRLINES ACTIVITIES

Military Personnel Using Northwest Planes are Carried on Regular Flights and "Air Lift" Trips



Northwest Airlines Offices in Central Tokyo are In One of the Capital's Most Modern Structures



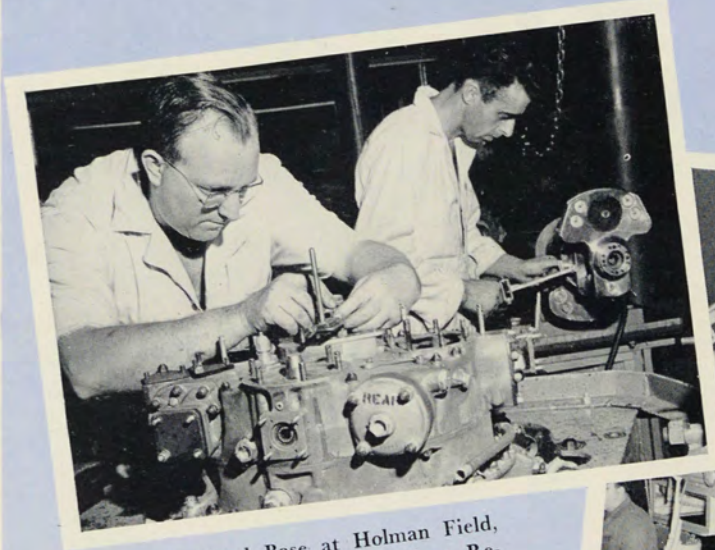
Northwest's Office and Staff at Taipei, Formosa—NWA is the Only U.S. Flag Commercial Airline Serving Formosa

The new University of the Philippines, a Country Brought Close Through Air Service to U. S., via NWA





# NORTHWEST AIRLINES ACTIVITIES



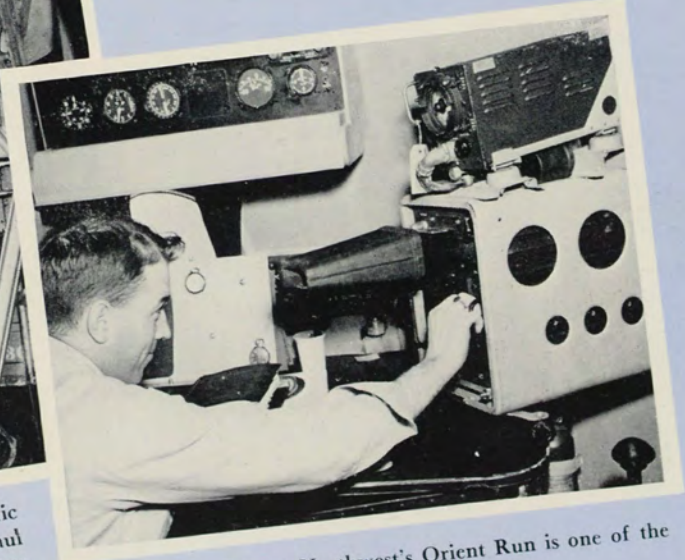
NWA Overhaul Base at Holman Field, St. Paul—Where Aircraft Engines Receive Complete Check-Up



Double-Door Cargo Plane on Alaska-Orient Route—NWA was First With Commercial All-Freight Trans-Pacific Flights



All NWA Aircraft Undergo Periodic Rigid Inspection And Overhaul Along the Line and in the Shops



"Loran" in Use on Northwest's Orient Run is one of the Many Modern Aids to Flight Navigation



# NORTHWEST AIRLINES NATIONAL ADVERTISING



*Sunny Side up!*  
*...in always up here!*

You fly high above the weather...  
in altitude-conditioned comfort...  
when you fly **NORTHWEST AIRLINES**

Exclusive double-deck Stratocruisers coast to coast - Alaska... the Orient



The key portion of Northwest Airlines' advertising program is carried by a select group of national magazines whose combined readership represents the best potential market for air carrier service. Steady increases in the company's passenger and cargo traffic attest to the effectiveness of the sales messages which are placed before this vast group of readers, calculated to be around 25,000,000. This phase of the program is supplemented by daily



4 corners of the earth  
... only hours apart

**NORTHWEST AIRLINES**



EXCLUSIVE STRATOCRUISERS COAST TO COAST... HAWAII... ALASKA... THE ORIENT  
THE ONLY ONE-CARRIER SERVICE ALL THE WAY!

East Meets West... on the Orient Express!



Now! Double-deck Stratocruisers all the way!

THE LUXURIOUS ORIENT EXPRESS... ONE-CARRIER SERVICE COAST TO COAST AND TO THE ORIENT

only on **NORTHWEST AIRLINES**

newspaper advertising in major on-line cities, as well as by ads in trade publications, and in magazines and newspapers in the Orient. NWA sales promotion also employs radio, television, and motion pictures; direct mail, tour folders, displays and special presentations, national and local publicity—all designed to make the company known from coast to coast as one of the world's major airlines.





NORTHWEST AIRLINES, INC.