NORTHWEST ORIENT AIRLINES

1971 ANNUAL REPORT

NORTHWEST ORIENT AIRLINES

GENERAL OFFICES: MINNEAPOLIS - ST. PAUL INTERNATIONAL AIRPORT • ST. PAUL, MINNESOTA 55111 • AREA CODE 612/726-2111

DIRECTORS*

JAMES H. BINGER
Chairman of the Board, Honeywell Inc.
Minneapolis, Minnesota

HADLEY CASE
President, Case, Pomeroy & Company, Inc.
New York, New York

A. E. FLOAN
Secretary, Northwest Airlines, Inc.
St. Paul, Minnesota

DONALD H. HARDESTY
Vice President, Northwest Airlines, Inc.
St. Paul, Minnesota

MALCOLM S. MACKAY
President, Foothills Company
Roscoe, Montana

DONALD G. McNEELY
President, Space Center, Inc.
St. Paul, Minnesota

DONALD W. NYROP
President, Northwest Airlines, Inc.
St. Paul, Minnesota

C. FRANK REAVIS
Partner, Reavis and McGrath
New York, New York

ALBERT G. REDPATH
Vice President, Thomson and McKinnon, Auchincloss, Inc.
New York, New York

LYMAN E. WAKEFIELD, JR.
Vice President, Piper, Jaffray & Hopwood
Minneapolis, Minnesota

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President

JAMES A. ABBOTT
Vice President–Legal

CLAYTON R. BRANDT
Vice President-Purchasing and Stores

ROBERT W. CAMPBELL
Vice President-Budgets

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Vice President-Regulatory Proceedings

ROLAND W. CHAMBERS
Assistant Vice President-Properties

ROBERT A. EBERT
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ROY K. ERICKSON
Vice President-Public Relations

A. E. FLOAN
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BENJAMIN G. GRIGGS, JR.
Vice President-Assistant to the President

DONALD H. HARDESTY
Vice President-Finance and Treasurer

WILLIAM E. HUSKINS, JR.
Vice President-Communications and Computer Services

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Vice President-Orient Region

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RONALD McVICKAR
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BRYAN G. MOON
Vice President-Advertising

ROBERT J. PHILLIPS
Vice President-Comptroller

C. L. STEWART
Vice President-Transportation Services

ROBERT J. WRIGHT
Vice President-Sales

REGISTRAR: The Chase Manhattan Bank, New York, New York
TRANSFER AGENT: Bankers Trust Company, New York, New York
STOCK LISTED: Common Stock listed on New York Stock Exchange, Pacific Coast Stock Exchange and Midwest Stock Exchange

*As of March 1, 1972

***Front Cover:** A Northwest Orient 747 and its flight crew and cabin attendants at Tokyo International Airport.*

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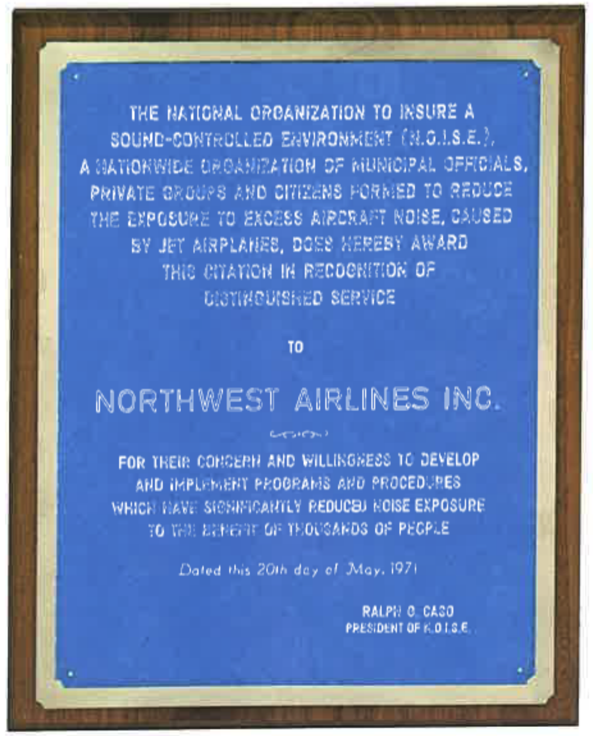
HIGHLIGHTS OF 1971

	1971*	1970*
Total Operating Revenues	$ 425,519,246	$ 379,040,136
Operating Income	18,166,420	51,082,622
Net Earnings for the Year	21,361,262	44,439,469
Per Common Share	1.01	2.11
Stockholders' Equity	477,053,922	465,210,190
Per Common Share	22.56	22.00
Dividends Paid	9,517,530	9,464,532
Operating Expenses—		
Per Available Ton-Mile	14.5¢	18.0¢
Per Revenue Ton-Mile	42.1¢	43.5¢
Revenue Traffic—		
Passengers Carried	6,089,273	4,682,812
Passenger-Miles Flown	5,553,043,000	4,506,256,000
Ton-Miles, Mail, Freight and Express	258,099,000	204,714,000
Common Shares at Year End	21,149,756	21,149,756

*Operating results were affected by a major strike which extended from July 8 through December 14, 1970 and by the strike recovery period in 1971.



45TH ANNUAL REPORT TO THE SHAREHOLDERS

From the President:

Financial Performance

After leading the U. S. airline industry in net earnings for three consecutive years, Northwest Airlines slipped to second place for the calendar year 1971 with an after-tax profit of $21,361,262. This was down $23,078,207 from 1970 net earnings of $44,439,469.

The principal factors which accounted for the decline in 1971 net earnings were:

1. *The lingering effects of a lengthy strike in the last half of 1970.*

   The rebuilding of the airline's schedules and the need to recover passenger and freight business that was lost to competition during the strike resulted in a loss for the first six months operation of 1971. A very strong comeback in the last half of the year made possible the profitable performance for 1971.

2. *New competition on Northwest Airlines routes.*

   In 1970, the Civil Aeronautics Board certificated additional air carriers on the direct Milwaukee-New York, the direct Twin Cities-New York, and the Twin Cities-Seattle-Portland routes. Early in 1971 an additional air carrier was certificated over NWA's routes from the Twin Cities to Florida. The addition of four new airlines on these routes has resulted in reduced revenue from these markets.

Taking these factors into consideration, your Management feels that the 1971 performance was satisfactory, although disappointing if measured by your Company's standard of recent years.

Dividends Declared

In 1971 the Company declared and paid four quarterly dividends. The last of these dividend payments was made in December, 1971 and marked the 67th consecutive quarterly dividend paid by NWA to its shareholders. This is noteworthy in a year in which many U. S. trunk airlines paid no dividends.

Fare Increase

Revenues in 1971 were aided by a general passenger fare increase of approximately six per cent which was authorized by the Civil Aeronautics Board effective May 7, 1971.

This increase was needed to partially offset the spiraling labor costs and sharply rising expenses for fuel, landing fees and services which beset the airline industry.

Fleet Expansion

The upgrading and modernization of your Company's aircraft fleet was continued in 1971.

Five new Boeing 747B's were delivered and placed into scheduled service. These 'Model B' aircraft are the longer-range 747's with an operating range of 6,750 statute miles, nearly 1,000 miles more than the earlier model.

The five 747B's represent a capital expenditure of $119 million.

As these wide bodied modern jet aircraft were acquired, a successful sales effort was mounted to dispose of certain older aircraft. In 1971, a total of ten NWA aircraft were sold — three Boeing 320's, three Boeing 720B's, and four Lockheed Electra 188's.

Boeing 747 Scheduling

With the acquisition of the five Boeing 747B's, Northwest Airlines was operating a total of fifteen 747's at year-end.

This Boeing 747 fleet investment, largest of any U. S. airline relative to size, permitted your Company to become the first airline to offer B-747 service across the Pacific from the major U. S. gateways of Honolulu, Los Angeles, San Francisco and Seattle.

Domestically, we now provide B-747 service to New York, Chicago, Minneapolis/St. Paul, Miami, San Francisco, Los Angeles, Seattle, Honolulu, Anchorage, Tampa/St. Petersburg and Milwaukee.

Service to China

Northwest Airlines' operating authority to serve the cities of Shanghai, Peking, Nanking, Mukden, Harbin and Dairen was granted on July 20, 1946. Scheduled service to Shanghai was initiated in July, 1947 and continued for nearly a two-year period. In 1948, the Shanghai route accounted for 30 per cent of the passenger miles on NWA's international system.

Your Management has advised the U. S. Government that when conditions permit resumption of service to the Asian mainland, it is our desire and intention to reinstate such service.

DC-10's Coming

Delivery of the Company's first DC-10 will be made in November, 1972. A total of 14 of the long-range series of this airplane has been ordered, which with spare parts represents a total investment of $290 million. All such airplanes will be powered by the Pratt & Whitney JT9D engine used in our B-747 fleet, providing a commonality of engines for Northwest Airlines' wide-bodied jets.

New Director Named

The death of Morton H. Fry, a director of Northwest Airlines since 1952, was a loss deeply felt. His counsel in the area of finance was invaluable over the years.

Elected to replace Mr. Fry was Donald H. Hardesty, vice president-finance and treasurer of NWA, whose career with the Company spans more than 29 years.

Corporate Responsibility

Today, every major U. S. company must be concerned with its responsibilities not only to its employees and its shareholders — but to the general public as well. Your Management has recognized this.

By our Affirmative Action Program, we have demonstrated our continuing concern for minority elements in our society.

In the areas of ecology and environmental concern, Northwest Airlines has been awarded national honors for its leadership in aircraft noise abatement. We are also participating fully in the retrofit program of the airline industry to reduce smoke emissions from aircraft engines.

The Year Ahead

Economic forecasts indicate that passenger traffic will increase by eight to ten per cent and that air freight business will increase at a slightly greater rate during the year.

With the U. S. economy's continuing recovery, your Management expects 1972 to show increased earnings over 1971.

Donald W. Nyrop

Donald W. Nyrop
President

March 15, 1972

MERGER PROPOSED WITH NATIONAL AIR LINES WOULD BRING PUBLIC BENEFITS

Background and Status of Merger

On September 23, 1971, the Boards of Directors of Northwest Airlines, Inc. and National Airlines, Incorporated signed an Agreement of Merger.

This Agreement is subject to the approval of the Civil Aeronautics Board and the President of the United States, since international routes are involved. Under terms of the merger agreement, each share of National Airlines common stock outstanding will be exchanged for .85 of a share of Northwest Airlines common stock.

Shareholders of National Airlines voted to approve the merger on December 13, 1971 with 6.7 million shares favoring and only 49,743 voted against. Northwest Airlines shareholders approved the merger on December 15, 1971 by an even greater majority, with 17.7 million shares voted for and only 45,920 against.

Merger hearings before the Civil Aeronautics Board Examiner began on January 25, 1972 and concluded on February 4, 1972.

Next step in the proceedings will be the issuance of a recommended decision by the Examiner to the five member Civil Aeronautics Board.

Following this will come the hearing of oral arguments by the Board members. Its decision will then be made and transmitted to the White House for review and approval by the President.

Your Management expects final decision on the merger will be made by December 1, 1972.

Many Public Benefits in Merger

A number of important benefits to the public will result from the merger of National Airlines and Northwest Airlines in terms of new and improved air service to many parts of the U.S.

1. The Upper Midwest, for example, will receive first single plane service to a number of additional cities on Florida's West Coast.
2. Major cities in the South and Southwest like Miami, New Orleans, Houston and Las Vegas will be on a direct international route to the Orient for the first time.
3. The California cities of Los Angeles and San Francisco will benefit from increased traffic through these gateways in both directions.
4. New England will benefit from the combination of the two route systems with Boston becoming an ever more important air hub in the merged airline.
5. The Pacific Northwest and Montana will have greatly improved service to cities in the South and on the Atlantic Coast.

   Additionally, they will benefit from increased tourism as access to their cities is made much easier.
6. Florida and its tourist industry will profit from the merged airline's status as a more important air carrier in the state.

Savings Important to Public Too

There are a number of savings that will be achieved through merger of the two airlines. These savings are important to the public, too, for they act to hold down passenger and air cargo tariffs. Savings will be generated in a variety of ways:

1. More efficient use of facilities can be achieved at the 12 common stations: San Francisco, Los Angeles, Atlanta, Miami, Tampa/St. Petersburg, Ft. Lauderdale, Washington, D.C., Philadelphia, Boston, New York Kennedy, New York LaGuardia and Newark.
2. More efficient use of aircraft will be possible since National Airlines' peak operations are in the resort months and are a natural complement to Northwest's operations which peak in the summer months. Because of this ability to balance aircraft, a superior level of scheduled service will also be given in peak periods by the merged airline.
3. Increased market identity will result from the ability to consolidate sales and advertising efforts in common markets. This will result in reducing costs for the merged airline.

Merger Does Not Create 'Giant'

Despite providing these many public benefits in terms of improved service and lower operating costs, the merger of National and Northwest will not create another 'giant' in the U.S. airline industry.

In fact, the merged airline will remain seventh in size among trunk airlines — Northwest Airlines' present position — if approval of the Delta-Northeast merger is granted by the CAB.

So, the present balance in the U.S. airline industry would be undisturbed.

No Lessening of Competition

All of the benefits outlined above will be achieved without any real lessening of competition.

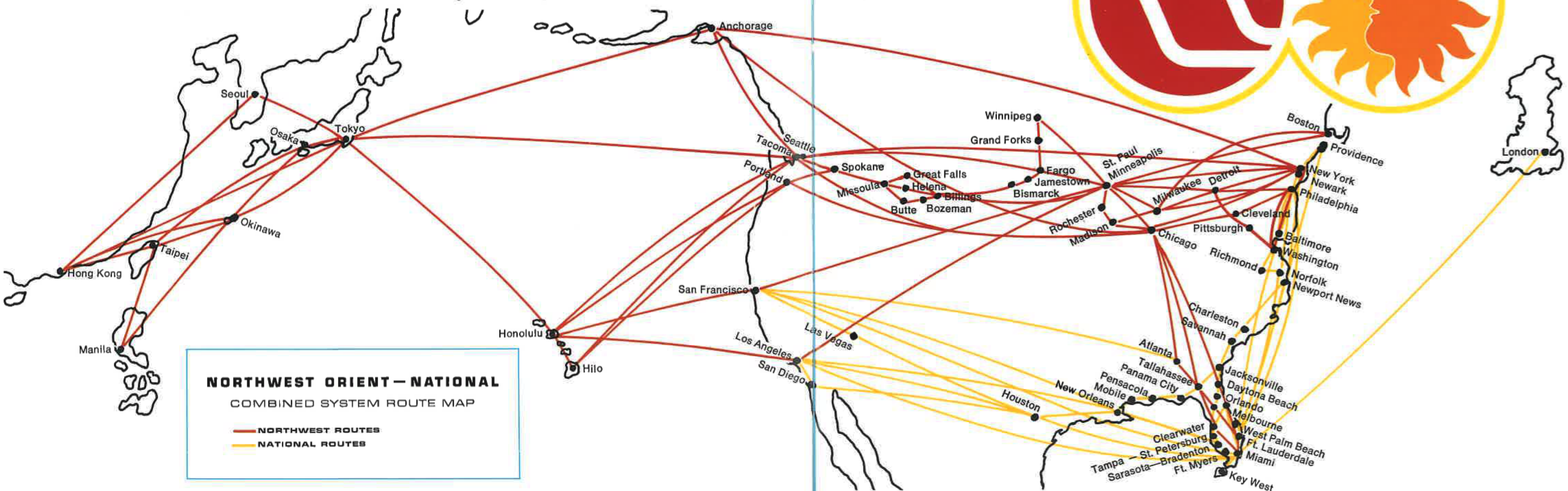
There are only four markets in which Northwest and National have competitive authority.

1. Miami-Tampa. Six other carriers presently serve this market.
2. New York-Washington. Eleven other carriers presently serve this market.
3. Philadelphia-Washington. Seven other carriers presently serve this market.
4. Philadelphia-New York. Five other carriers presently serve this market.

Few, if any, other mergers among U.S. airlines can provide such an impressive array of public benefits as those found in the Northwest Airlines-National Airlines merger.

While providing these many public benefits, this merger also meets the criteria set forth in the Executive Branch guidelines prepared by the Department of Transportation in consultation with the Department of Justice.

It is indeed in the public interest.



FINANCIAL REVIEW OF 1971

Revenues

Northwest Airlines' total operating revenues for 1971 were $425,519,246 compared with $379,040,136 in 1970 which was affected by a major strike in the last six months of the year.

The operating revenues for 1971 were reduced by payments to other carriers under the Mutual Aid Agreement of $461,889 which compares with mutual aid receipts in 1970 — net of payment to others — of $46,324,695. The Civil Aeronautics Board, on November 23, 1970, issued an order remanding for review only the amended portion of the Mutual Aid Agreement which provided for increased level of supplemental payments. The order stated that consideration would be given to making any modification to the Agreement prospective only. A hearing was held before an examiner of the CAB during the latter part of 1971 but no final decision has been made.

Comparisons of individual revenue categories with the prior year are not meaningful due to the extended strike in 1970. During the post-strike recovery period in 1971, the Company gradually restored schedules as traffic returned to normal. The buildup of operations continued until a full pattern of service was reached in June.

The yield per passenger-mile increased to 5.98¢ or 3.5% over the yield of 5.78¢ in 1970. Trans-Pacific and other international fare increases approximating 5% were placed into effect on March 15, 1971. The Civil Aeronautics Board issued its tentative decision in the fare level phase of the Domestic Passenger-Fare Investigation and granted a 6% interim fare increase which was placed into effect on May 7. A further increase of 3% was deferred pending decision in other phases dealing with discount fares and fare structure. At the same time the CAB decided the rate of return phase of the fare case and set 12% as a fair and reasonable return on investment for the trunkline carriers which compares with a 10.5% investment return established previously. Also, as a result of court actions, the CAB is currently conducting a hearing on the reasonableness of the level of domestic fares between October 1, 1969 and October 14, 1970, and a decision can be expected sometime in 1972.

A Domestic Air Freight Rate Investigation is moving ahead with preliminary procedural steps under way. It is expected that the hearing in this matter will be held late in 1972. Domestic mail and express rates are also open and progress toward settlement is being made. It is anticipated that rate improvements will result from these investigations.

Revenues from charter and other transportation were $31,588,334 compared with $20,800,298 in 1970. This increased revenue included $8,370,039 from commercial charters and other income compared with $3,322,003 in 1970, and $23,218,295 from military charters in 1971 compared with $17,478,295 last year. The Military Airlift Contract expires on June 30, 1972 and we will seek a renewal contract for the Government's 1973 fiscal year.

Expenses

Operating expenses in 1971 amounted to $407,352,826 compared with $327,957,514 in 1970 which were abnormally low due to the strike and for this reason most of the individual categories of expense are not comparable with the prior year.

Depreciation and amortization increased to $77,245,465 from $69,173,449 in 1970. This was primarily due to the adding of the Boeing 747 aircraft to our fleet, ten of which were received during 1970 and five in 1971. In 1971 the U. S. Government cancelled the Supersonic Transport research and development program and Northwest Airlines received a refund of the $5,500,000 previously advanced for this program. As a result, and in accordance with a CAB accounting directive, 1971 depreciation and amortization was reduced by $3,300,000 to reflect the reversal of the prior years' amortization of this research and development payment. Inflation continues to accelerate the costs in the airline industry and 1971 saw substantial increases in employee wages and benefits, increases in rentals, landing fees and other airport costs and in the cost of services, materials and supplies. Your Company has continued to emphasize cost control procedures and improvement in productivity. The addition of the 747 to our aircraft fleet has contributed to this productivity improvement.

Unit costs per available ton-mile in 1971 were 14.5¢ compared with 18.0¢ in the 1970 strike year. Only one other time in the last ten years, 1967, have we achieved this low a unit cost.

Earnings and Dividends

Northwest Airlines' net earnings for 1971 amounted to $21,361,262, or $1.01 per average share of common stock, compared with $44,439,469, or $2.11 per share in 1970. The reduced earnings in 1971 are a reflection of the slow recovery process from the extended strike in the last half of 1970, the flat U. S. economy affecting both business and leisure travel and the new competition we received on our routes. The economy has shown signs of improvement during the later part of 1971.

Interest on long-term debt was $13,050,806 up from $6,295,259 in 1970. Pre-tax tax income from disposals of property in 1971 was $6,198,195 compared with $739,108 in 1970.

Although a number of U. S. airlines discontinued dividend payments, Northwest Airlines continued its dividend policy and quarterly payments were made to stockholders during 1971 at an annual dividend rate of 45¢ per common share. 1971 marks the seventeenth year of consecutive dividend payments on NWA's common stock.

Taxes on Earnings

Taxes on earnings for 1971 resulted in a net credit of $9,561,000. This compares to a charge of $120,700 for 1970. This income tax credit is made up of the normal tax provision including current and deferred taxes amounting to $5,584,400 less additional benefits for carryback to federal surcharge years amounting to $2,010,800, resulting in a net provision of $3,573,600. Investment tax credits recorded for the year amounted to $13,134,600 which, when deducted from the normal income tax provision, results in a net tax credit of $9,561,000.

We continue to use accelerated methods of depreciation as allowed under the Internal Revenue Code for income tax payment purposes.

The Company adopted the flow-through method of accounting for the investment tax credit effective January 1, 1969, and has used this method since that time. We have continued to amortize the deferred investment tax credit balance as of December 31, 1968, which amounted to $4,390,000 in 1971. At December 31, 1971, there remained $10,983,300 to be amortized over future years.

Investment tax credits which could not be applied to income tax returns, but which were offset against deferred income taxes, total $11,542,300 (see Note D to financial statements).

Cash Flow

Funds generated from operations in 1971 totaled $105,805,927 which included net earnings, depreciation and amortization, deferred income taxes and deferred investment tax credit. Other sources included $12,364,883 from disposals of operating property and $5,500,000 from the refund of the SST development cost.

Application of funds included additions of flight equipment and other property of $87,330,076, advance deposits on aircraft of $23,166,916, dividend payments of $9,517,530, decrease in long-term debt of $8,414,635 and deferred training costs and other of $2,633,420.

Traffic and Capacity

Traffic results in 1971 show sizeable increases over the strike year of 1970 even though the 1971 statistics were deflated due to the strike recovery period.

Revenue plane-miles in scheduled operations increased 21.4% and available seat-miles were up 52.6%. The larger increase in available seat-miles over the revenue plane-miles reflect the increased seat availability in the 747 aircraft. Revenue passenger-miles increased 23.2% and the passenger load factor was 35.6% in 1971 compared to 44.0% in 1970. The decreased load factor results from the difficulty of returning from a major strike, the flat U. S. economy and the increased seat availability of the 747. The break-even payload factor in 1971 improved to 33.0% from 35.9% in 1970. Expected improvements in the economy, as evidenced in the later half of 1971, should result in an increased passenger load factor for 1972.

Financial Condition

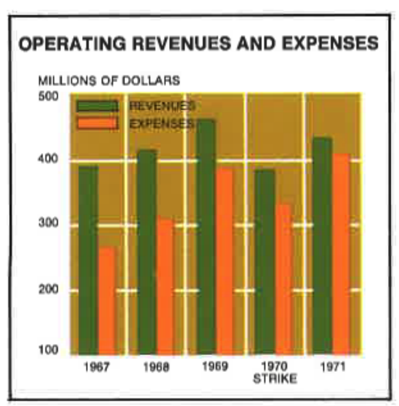
Northwest Airlines' financial condition continues its high ranking in the airline industry.

Stockholder equity at December 31, 1971, was $477,053,922 compared with $465,210,190 at the end of 1970. The book value per common share increased to $22.56 in 1971 from $22.00 last year.

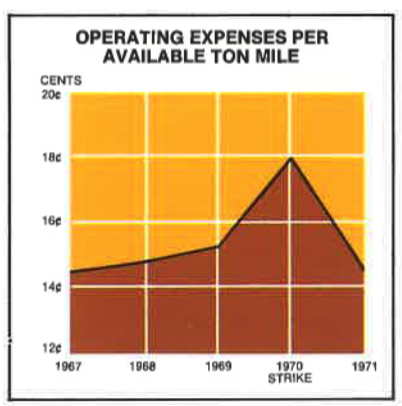
Outstanding debt at year end amounted to $255,500,000 or 53.6% of stockholder equity. This low debt to equity ratio is one of the most favorable in the airline industry.

Note A of the Notes to Financial Statements explains the current debt arrangements for Northwest Airlines in detail. During 1971 the Company retired the Fourth Amendatory Credit Agreement with 15 banks. At December 31, 1971, the financing arrangements provided for a maximum debt of $332,000,000 of which $255,500,000 has been taken down.

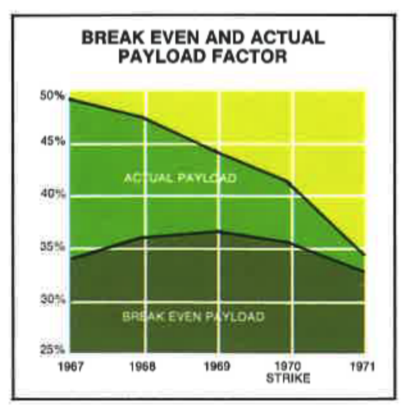
The Company has on order from the McDonnell Douglas Corporation 14 additional aircraft which, with spare engines, will require expenditures of $290,060,000. Of this amount, $41,130,000 has been deposited with manufacturers at December 31, 1971. The existing financial arrangements will adequately cover this purchase contract. These aircraft are scheduled for delivery in late 1972 through 1973.



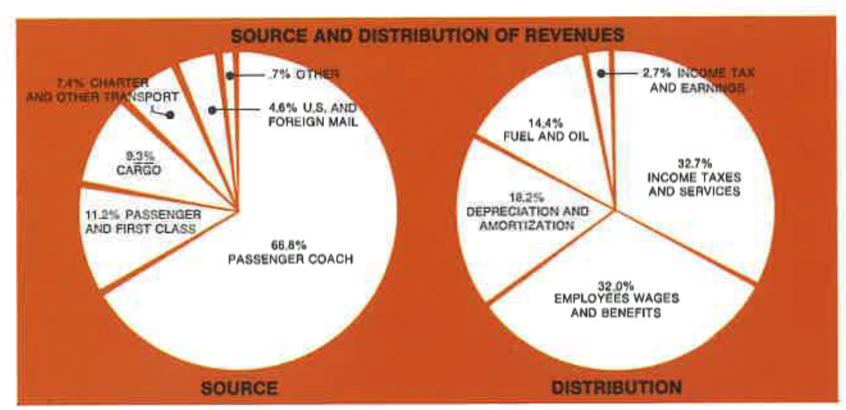
OPERATING REVENUES AND EXPENSES



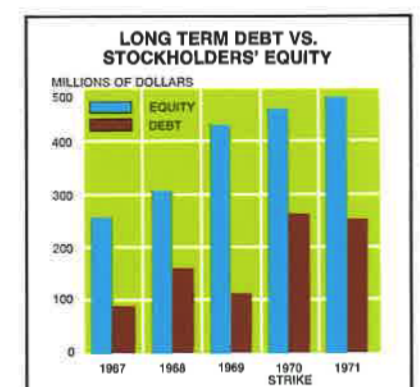
OPERATING EXPENSES PER AVAILABLE TON MILE



BREAK EVEN AND ACTUAL PAYLOAD FACTOR



SOURCE AND DISTRIBUTION OF REVENUES



LONG TERM DEBT VS. STOCKHOLDERS' EQUITY

STATEMENT OF FINANCIAL POSITION

NORTHWEST AIRLINES, INC. AND SUBSIDIARIES

ASSETS

	December 31 1971	1970
Current Assets		
Cash	$ 42,468,318	$ 51,525,395
Accounts receivable	43,303,034	32,906,579
Recoverable federal income tax	15,394,400	16,526,200
Flight equipment spare parts, at average cost, less allowances for depreciation of $6,662,645 (1970 — $5,544,776)	15,985,804	14,850,678
Maintenance and operating supplies at average cost	4,441,808	4,088,318
Prepaid expenses	3,608,902	2,149,483
Total Current Assets	125,202,266	122,046,653
Property and Equipment		
Flight equipment at cost	1,012,567,920	929,180,892
Less allowances for depreciation	303,134,687	261,051,456
	709,433,233	668,129,436
Advance payments on new flight equipment—Note C	41,130,050	64,134,857
	750,563,283	732,264,293
Other property and equipment at cost	90,327,722	84,755,904
Less allowances for depreciation	31,394,624	25,621,826
	58,933,098	59,134,078
	809,496,381	791,398,371
Deferred Charges and Other Assets		
Training and development costs—Note F	3,337,857	4,944,297
Rentals	4,003,320	2,619,231
Other	2,261,709	2,117,304
	9,602,886	9,680,832
	$ 944,301,533	$923,125,856

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31 1971	1970
Current Liabilities		
Accounts payable	$ 56,299,152	$ 38,376,415
Employee compensation	15,535,334	12,345,069
Air travel card deposits	1,056,125	1,104,150
Unredeemed ticket liability	6,419,023	2,133,669
Income taxes	727,377	530,328
Current maturities of long-term debt	3,000,000	18,000,000
Total Current Liabilities	83,037,011	72,489,631
Long-Term Debt - Note A	252,500,000	260,914,635
Deferred Credits - Note D		
Income taxes—arising principally from accelerated depreciation methods	120,727,300	109,138,100
Investment credit	10,983,300	15,373,300
	131,710,600	124,511,400
Stockholders' Equity - Note B		
Common Stock $1.25 par value; authorized 40,000,000 shares; issued and outstanding 21,149,756 shares	26,437,195	26,437,195
Capital surplus	116,987,969	116,987,969
Retained earnings	333,628,758	321,785,026
	477,053,922	465,210,190
Commitments - Note C		
	$944,301,533	$923,125,856

See notes to financial statements.

STATEMENT OF EARNINGS

NORTHWEST AIRLINES, INC. AND SUBSIDIARIES

	Year Ended December 31	
	1971	**1970***
Operating Revenues		
Passenger	$331,966,391	$260,335,218
Cargo	39,641,301	30,052,685
Mail	19,442,669	18,958,456
Charter and other transportation	31,588,334	20,800,298
Mutual Aid Agreement—Note H	(461,889)	46,324,695
Nontransport	3,342,440	2,568,784
	425,519,246	379,040,136
Operating Expenses		
Flying operations	122,181,445	87,899,274
Maintenance	47,936,083	41,240,434
Passenger service	39,009,954	31,383,737
Aircraft and traffic servicing	65,332,134	49,183,105
Reservations, sales and advertising	41,373,888	36,706,873
Administrative and general	14,273,857	12,370,642
Depreciation and amortization—Note F	77,245,465	69,173,449
	407,352,826	327,957,514
	18,166,420	51,082,622
Other Income and (Deductions)		
Interest on long-term debt	(13,050,806)	(6,295,259)
Disposals of property	6,198,195	739,108
Other	486,453	(966,302)
	(6,366,158)	(6,522,453)
Earnings Before Taxes	11,800,262	44,560,169
Taxes on Earnings including deferred taxes and investment credit—Note D	(9,561,000)	120,700
Net Earnings for the Year	$ 21,361,262	$ 44,439,469
Average shares of Common Stock outstanding during the year	21,149,756	21,023,949
Earnings per share of Common Stock	$1.01	$2.11

*Operating results in 1970 were affected by a major strike which extended from July 8 through December 14, 1970. See Note H.

See notes to financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION

NORTHWEST AIRLINES, INC. AND SUBSIDIARIES

	Year Ended December 31	
	1971	**1970**
Source of Funds		
Net earnings	$ 21,361,262	$ 44,439,469
Add expenses not requiring current outlay of working capital		
Depreciation and amortization	77,245,465	69,173,449
Deferred income taxes	11,589,200	19,885,700
Deferred investment credit	(4,390,000)	(4,484,400)
Total from Operations	105,805,927	129,014,218
Proceeds from sale of common stock, less expenses	—	3,438,328
Increase in long-term debt	—	148,914,635
Disposals of operating property	12,364,883	2,725,579
Refund of SST development cost	5,500,000	—
Total of Sources	123,670,810	284,092,760
Application of Funds		
Flight equipment and other property additions	87,330,076	176,256,285
Advance deposits on aircraft	23,166,916	38,049,353
Deferred Boeing 747 training costs	1,287,427	2,786,927
Cash dividends	9,517,530	9,464,532
Decrease in long-term debt	8,414,635	—
Other	1,345,993	877,983
Total of Applications	131,062,577	227,435,080
Increase (Decrease) in Working Capital	($ 7,391,767)	$ 56,657,680
Changes in Working Capital Consist of:		
Increase (decrease) in current assets:		
Cash	($ 9,057,077)	$ 24,705,933
Receivables	9,264,655	4,845,311
Inventories	1,488,616	4,308,895
Prepaid expenses	1,459,419	462,544
	3,155,613	34,322,683
Increase (decrease) in current liabilities:		
Current maturities of long-term debt	(15,000,000)	—
Accounts payable	17,922,737	(10,273,261)
Other accrued liabilities	3,339,289	(8,352,035)
Unredeemed ticket liability	4,285,354	(3,709,701)
	10,547,380	(22,334,997)
Increase (Decrease) in Working Capital	($ 7,391,767)	$ 56,657,680

See notes to financial statements

STATEMENT OF STOCKHOLDERS' EQUITY

NORTHWEST AIRLINES, INC. AND SUBSIDIARIES

	Common Stock Shares	Common Stock Amount	Capital Surplus	Retained Earnings
Balance January 1, 1970	20,914,272	$26,142,840	$113,843,996	$286,810,089
Shares issued pursuant to Employee Stock Purchase Plan, less expenses	235,484	294,355	3,143,973	
Net earnings for the year				44,439,469
Cash dividends—$.45 a share				(9,464,532)
Balance December 31, 1970	21,149,756	26,437,195	116,987,969	321,785,026
Net earnings for the year				21,361,262
Cash dividends—$.45 a share				(9,517,530)
Balance December 31, 1971	21,149,756	$26,437,195	$116,987,969	$333,628,758

See notes to financial statements.

APPLICATION OF INVESTMENT TAX CREDIT

Period	Available*	Reflected in Net Earnings†
1962-1970	$61,955,000	$46,581,700
1971	8,744,600	13,134,600
Total	$70,699,600	$59,716,300
To Net Earnings	59,716,300	
To Be Amortized	$10,983,300	

*All investment credit amounts generated 1962-1971 have been utilized to reduce income tax payments except $2,797,700 from 1970 and $8,744,600 from 1971. See Note D to financial statements.

†Income benefits of investment credit generated in 1962-68 are amortized over an eight year period. The flow-through method of accounting was adopted for investment credit generated after 1968 and the income benefits have been reflected in the year generated.

NORTHWEST AIRLINES FLEET

Aircraft Type	December 31 1970	December 31 1971	On Order
JET:			
707-320B & 320C	36	33	—
720B	16	13	—
727 & 727C-100	32	32	—
727-200	24	24	—
747	10	15	—
DC-10	—	—	14
Total Jet	118	117	14

NOTES TO FINANCIAL STATEMENTS

NORTHWEST AIRLINES, INC. AND SUBSIDIARIES

Years Ended December 31, 1971 and 1970

Note A - Long-Term Debt

	December 31 1971	December 31 1970
Note purchase agreements with twelve insurance companies payable $3,000,000 annually and $4,000,000 on October 1, 1978 plus interest at 6% per annum. Certain optional prepayments at par are permitted. The agreements contain certain other provisions with respect to redemption as a whole, but not from borrowed funds, at premiums ranging from 5% to 1%	$ 22,000,000	$ 25,000,000
The Fourth Amendatory Credit Agreement with fifteen banks providing for credit which is payable $5,000,000 quarterly and terminated October 1, 1971. Interest on funds borrowed was at 4¾ %	—	15,000,000
A credit agreement with twenty-four banks providing for a revolving credit of $250,000,000 reducing to $230,000,000 by October 1, 1972, to $210,000,000 by October 1, 1973, to $90,000,000 by October 1, 1974 and terminating July 1, 1975. Interest on funds borrowed is at the prime commercial loan rate to December 31, 1970 and at ¼% above the prime commercial loan rate thereafter. As of December 31, 1971 the agreement makes available at any time an additional $75,000,000 (1970—$35,000,000) for working capital and other purposes	175,000,000	215,000,000
Credit agreements with aircraft and aircraft engine manufacturers providing for financing of purchases from those manufacturers through the issuance of five-year notes to aggregate not more than $60,000,000	58,500,000	23,914,635
	255,500,000	278,914,635
Less amounts due within one year included in current liabilities	3,000,000	18,000,000
	$252,500,000	$260,914,635

The Company had complied with the covenants of the debt agreements at the end of both years.

The aggregate repayment of the outstanding long-term debt over the years 1973 through 1976 is $3,000,000, $88,800,000, $116,915,000 and $37,585,000, respectively.

Note B - Stockholders' Equity

	Shares 1971	Shares 1970
Cumulative Preferred Stock, $25 par value:		
Authorized	1,000,000	1,000,000
Issued December 31	None	None
Common Stock Options for officers and employees at prices ranging from $32.375/36.625 a share which were not less than 100% of market at date of grant:		
Outstanding	71,768	71,768
Became exercisable during year	24,167	24,167
Exercisable at end of year	67,468	43,301
Common shares reserved for merger with National Airlines, Incorporated — Note G	7,321,603	—
Common shares reserved for additional stock options and/or the Employee Stock Purchase Plan at December 31	792,748	792,748

The Northwest Airlines 1968 Employee Stock Purchase Plan provides for the sale of Common Stock to eligible employees through payroll deductions of up to 10% of their salary not to exceed $3,000 a year. The sales price is 90% of the highest price of the stock on the New York Stock Exchange on specified annual dates.

NOTES TO FINANCIAL STATEMENTS (cont'd)

Note C - Commitments

At December 31, 1971, the Company has contracted to purchase jet aircraft for delivery in 1972 through 1973 which, with spare engines, will require expenditures of $290,060,000 ($408,368,000 at December 31, 1970). Of this amount, $41,130,000 has been deposited with manufacturers at December 31, 1971 and approximately $60,809,000 and $188,121,000 become payable during the next two years, respectively.

As of December 31, 1971 annual rental payments of approximately $8,800,000 (1970—$7,800,000) were required under various lease agreements for periods up to forty years covering airport facilities, ticket offices, etc.

Note D - Taxes on Earnings

Since 1969, the Company has used the flow-through method of accounting for the investment credit. No change has been made in accounting for the deferred investment credits arising in prior years which are amortized over eight years from the dates the credits arose.

The provision for taxes on earnings consists of the following:

	Year Ended December 31 1971	1970
Current:		
Operating loss carryback for tax purposes	($18,192,100)	—
Provision	—	$ 1,688,900
Investment credit:		
Flow-through	—	(443,300)
Refund for carryback to prior years	—	(16,526,200)
Reduction of refund for limitation of credits utilized in prior years	2,797,700	—
	(15,394,400)	(15,280,600)
Deferred:		
Provision	21,765,700	19,885,700
Unapplied investment credit:		
Flow-through	(8,744,600)	—
Arising from operating loss carryback	(2,797,700)	—
	10,223,400	19,885,700
Deferred investment credit being amortized over eight years	(4,390,000)	(4,484,400)
	($ 9,561,000)	$ 120,700

Investment credits not applied on tax returns but offset against deferred income taxes at December 31, 1971 will expire as follows: $8,925,300—1978 and $2,617,000—1980.

Note E - Pension Plans

The Company has several pension plans covering substantially all of their employees. The total pension expense was $8,557,205 (1970—$5,348,098) and includes amortization of prior service costs over a period of forty years. It is the Company's policy to fund pension costs accrued. As of the latest valuation date, the total amount of fund assets was sufficient to cover vested benefits.

Note F - Depreciation and Amortization Policies

Provision for depreciation of aircraft and related flight equipment approximated $73,424,000 (1970—$62,993,000) and was computed on the straight line method assuming ten year lives and 15% residual values, except as to 747 jet aircraft as to which the life is fifteen years and residual value is 10%.

Included in operating expenses for 1970 is the amortization of SST aircraft development costs of $1,100,000. Upon abandonment of the project by the United States Government during 1971, all such costs were refunded, and accordingly, $3,300,000 was credited to reduce depreciation and amortization expense for 1971 in accordance with Civil Aeronautics Board accounting requirements.

Boeing 747 aircraft training costs are being amortized over five years.

NOTES TO FINANCIAL STATEMENTS (cont'd)

Note G - Proposed Merger

Under terms of an agreement which would merge National Airlines, Incorporated into the Company, National stockholders would receive .85 of one share of Northwest stock for each share of National held, an exchange for approximately 7,223,000 shares. The merger is subject to approval of the Civil Aeronautics Board and the President of the United States. If accomplished, it will be accounted for as a pooling of interests. The issue of 41,310 shares may be required in connection with National's employee stock option plan and 57,344 shares for conversion of National's debentures.

Note H - Mutual Aid Agreement

The Company was struck by the Brotherhood of Railway and Airline Clerks (BRAC) on July 8, 1970 and the strike continued through December 14, 1970. For this period the Company received payments from other carriers under the Mutual Aid Agreement. The Civil Aeronautics Board on November 23, 1970 issued an Order remanding for review only the amended portion of the Mutual Aid Agreement which provided for increased level of supplemental payments. The Order states that consideration will be given to making any modifications to this agreement prospective only. A hearing was held before an examiner of the Civil Aeronautics Board during the latter part of 1971 but no final decision has been made. In the opinion of management of the Company, there is no reason to believe that the modification to the Agreement will not be approved and that the total amount received by the Company during the strike period will not be retained.

ACCOUNTANTS' REPORT

To the Stockholders and Board of Directors
Northwest Airlines, Inc.
Saint Paul, Minnesota

We have examined the financial statements of Northwest Airlines, Inc. and subsidiaries for the years ended December 31, 1971 and 1970. Our examinations were 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.

In our opinion, the accompanying statements of financial position, earnings, stockholders' equity and changes in financial position present fairly the consolidated financial position of Northwest Airlines, Inc. and subsidiaries at December 31, 1971 and 1970 and the consolidated results of their operations, the changes in stockholders' equity and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Saint Paul, Minnesota
February 21, 1972

Ernst & Ernst
Certified Public Accountants

NOTICE TO STOCKHOLDERS

A new rule adopted by the Civil Aeronautics Board, effective August 1, 1970, requires that any person who owns, as of December 31 of any year, or acquires ownership either beneficially or as trustee, more than five percent, in the aggregate, of the capital stock or capital of the air carrier, shall file a report with the CAB containing information required by Section 245.13 of the CAB Economic Regulations. This report must be filed on or before April 1 of each year as to capital stock or capital owned as of December 31 of the preceding year. The regulation also provides that a report must be filed by any person acquiring more than five percent of the capital stock or capital within ten days of acquisition.

Any stockholder who believes he may be required to file such a report may obtain further information by writing to the Director, Bureau of Operating Rights, Civil Aeronautics Board, Washington, D. C. 20428.

10 YEAR SUMMARY

NORTHWEST AIRLINES, INC. AND SUBSIDIARIES

(Dollars in thousands except per share figures)

	1971†	1970†	1969	1968	1967	1966†	1965	1964	1963	1962
Operating Revenues										
Passenger	$331,966	$ 260,335	$ 350,504	$ 301,277	$ 275,873	$ 216,239	$ 198,457	$ 163,807	$ 135,222	$ 121,781
Cargo	39,641	30,053	51,006	43,902	38,118	29,515	24,779	18,402	13,745	11,828
Mail	19,443	18,958	29,386	28,605	26,898	22,557	17,421	15,313	14,233	14,228
Charter and Other Transportation	31,588	20,800	35,090	41,060	41,799	39,205	21,851	12,965	6,442	2,646
Mutual Aid Agreement	(462)	46,325	(509)	—	—	2,491	(717)	(21)	(12)	(858)
Nontransport	3,343	2,569	2,461	1,446	1,291	1,312	1,207	1,144	(842)	828
Total Operating Revenues	$ 425,519	$ 379,040	$ 467,938	$ 416,290	$ 383,979	$ 311,319	$ 262,998	$ 211,610	$ 168,788	$ 150,453
Operating Expenses										
Depreciation and Amortization	$ 77,245	$ 69,173	$ 60,833	$ 49,817	$ 41,252	$ 33,195	$ 24,011	$ 22,852	$ 19,159	$ 18,445
Other	330,108	258,784	324,979	268,529	229,969	177,469	153,140	135,627	123,713	112,802
Total Operating Expenses	$ 407,353	$ 327,957	$ 385,812	$ 318,346	$ 271,221	$ 210,664	$ 177,151	$ 158,479	$ 142,872	$ 131,247
Operating Income	$ 18,166	$ 51,083	$ 82,126	$ 97,944	$ 112,758	$ 100,655	$ 85,847	$ 53,131	$ 25,916	$ 19,206
Other Income and (Deductions)—Net	(6,366)	(6,523)	(1,153)	(3,220)	(2,391)	(1,243)	224	(1,125)	(4,166)	(4,578)
Earnings Before Taxes	$ 11,800	$ 44,560	$ 80,973	$ 94,724	$ 110,367	$ 99,412	$ 86,071	$ 52,006	$ 21,750	$ 14,628
Income Taxes	(9,561)	121	29,507	44,673	51,651	46,276	40,377	25,220	11,297	7,398
Net Earnings	$ 21,361	$ 44,439	$ 51,466	$ 50,051	$ 58,716	$ 53,136	$ 45,694	$ 26,786	$ 10,453	$ 7,230
Earnings per Average Share As Reported Each Year(1)	$ 1.01	$ 2.11	$ 2.55	$ 5.47	$ 6.42	$ 5.81	$ 9.99	$ 5.86	$ 5.73	$ 3.97
Cash Dividends	9,518	9,465	9,117	7,320	6,405	5,490	3,657	2,602	1,823	1,702
Dividends per Share As Paid Each Year	.45	.45	.45	.80	.70	.60	.80	.60	1.00	.80
Stockholders' Equity	477,054	465,210	426,797	306,717	263,986	212,727	165,081	122,960	68,436	59,712
Number of Shares Outstanding at End of Year	21,149,756	21,149,756	20,914,272	9,149,628	9,149,626	9,149,626	4,574,813	4,568,634	1,824,452	1,820,714
Book Value per Share at End of Year(1)	$ 22.56	$ 22.00	$ 20.41	$ 33.52	$ 28.85	$ 23.25	$ 36.08	$ 26.91	$ 37.51	$ 32.80
Recomputed per Share Figures After Stock Splits:(2)										
Earnings per Average Share(2)	1.01	2.11	2.55	2.74	3.21	2.90	2.50	1.47	.72	.50
Dividends per Share(2)	.45	.45	.45	.40	.35	.30	.20	.15	.12	.10
Book Value per Share at End of Year(2)	22.56	22.00	20.41	16.76	14.43	11.62	9.02	6.73	4.69	4.10
Assets and Long-Term Debt										
Flight Property at Cost	$ 1,012,568	$ 929,181	$ 697,938	$ 582,646	$ 467,859	$ 401,476	$ 304,072	$ 219,523	$ 176,655	$ 169,413
Flight Property at Net Book Value	709,433	668,129	492,241	424,522	346,029	311,803	233,858	160,925	127,074	122,980
Total Assets	944,302	923,126	742,732	627,538	481,206	422,040	333,311	237,226	196,765	186,887
Long-Term Debt	252,500	260,915	112,000	160,000	85,000	96,000	72,000	45,000	64,996	74,968
Unit Expenses										
Per Available Ton-Mile	14.5¢	18.0¢	15.2¢	14.6¢	14.5¢	15.6¢	16.4¢	18.5¢	21.7¢	23.9¢
Per Revenue Ton-Mile	42.1¢	43.5¢	34.5¢	30.8¢	30.3¢	30.1¢	33.0¢	39.7¢	46.8¢	50.2¢
Per Cent of Operating Revenues	95.7%	86.5%	82.4%	76.5%	70.6%	67.7%	67.4%	74.9%	84.6%	87.2%
Statistics - Scheduled Services										
Revenue Plane Miles (000)	100,992	83,177	123,966	107,646	93,395	67,780	61,653	52,157	45,356	41,821
Available Seat Miles (000)	15,614,614	10,234,060	13,504,111	10,840,758	9,198,150	6,773,257	6,140,717	5,129,944	4,305,147	3,697,796
Revenue Passenger Miles (000)	5,553,043	4,506,256	6,208,725	5,458,128	4,901,520	3,699,851	3,303,809	2,668,812	2,179,208	1,904,112
Passenger Load Factor	35.6%	44.0%	46.0%	50.3%	53.3%	54.6%	53.8%	52.0%	50.6%	51.5%
Revenue Passengers Carried	6,089,273	4,682,812	7,517,780	7,173,805	6,489,295	4,963,275	4,593,462	3,663,077	2,911,914	2,437,342
Freight and Express Ton-Miles (000)	161,345	110,215	198,494	169,416	141,175	108,914	82,715	55,100	39,417	35,179
Total Revenue Ton-Miles (000)	813,403	655,339	942,050	836,085	709,165	533,556	452,553	351,886	284,732	254,033
Statistics - Total Operations										
Revenue Plane Miles (000)	110,045	89,938	135,563	121,077	106,197	77,715	67,125	55,477	47,207	42,718
Available Ton-Miles (000)	2,806,407	1,819,439	2,535,137	2,186,234	1,864,128	1,348,983	1,079,832	856,612	657,761	548,159

†Affected by major strikes in 1966 and 1970, and from the strike recovery period in 1971.

(1) Per share figures reflect the increase in outstanding shares resulting from stock issues in 1964, 1969 and 1970 and from the conversion of preferred stock in 1962.

(2) The stock was split "two-for-one" in 1964, 1966 and 1969. The recomputations in this section are shown to provide comparability on an adjusted basis and follow the form recommended by the Accounting Principles Board. These figures, of course, do not reflect the way the corporation was operated.

HIGHLIGHTS OF 1971...

FIVE BOEING 747'S ADDED TO NWA JET FLEET: BOSTON—NEW CITY ON NWA ROUTE SYSTEM

Delivery of five Boeing 747B's and the addition of historic Boston to Northwest Airlines' route system ranked among the highlights of 1971.

The NWA jet fleet as of December 31, 1971 numbered 117 aircraft, one of the most modern in the U.S. air carrier industry and one of the largest relative to its size in the industry.

NWA 747 in new hangar

NWA's all-Boeing fleet has only four types of jet aircraft — the 320, 720B, 727 and 747. These aircraft are powered by just three types of jet engines — the JT3, JT8 and JT9D Pratt & Whitney engines.

This standardization of equipment continues to represent important savings to Northwest Airlines in maintenance, spare parts and spare engines, test facilities and pilot training.

With the addition of the five long-range 747B's, NWA's 747 fleet now totals 15 aircraft. The capital expenditure of $119 million for the 747B's brings your Company's total original investment in jet equipment to over one billion dollars!

New 747 Services Inaugurated

As the 747 fleet grew, new services were introduced. Much of this new 747 service was initiated on the trans-Pacific and Orient inter-port routes, helping the Orient Region of the Company to its most successful year in history.

On January 23, 1971 Boeing 747 service began to Manila; on January 31 to Hong Kong; on February 1 to Taipei; on March 1 to Tokyo from San Francisco via Honolulu and on August 1 to Tokyo from the Twin Cities via Los Angeles and Honolulu.

With the tremendous cargo capacity of the 747 came the opportunity to introduce new cargo rates from Hong Kong and Taipei to the U.S. mainland. These new tariffs, based on use of 747 cargo containers, generated substantial new business.

747's Help Sales Efforts

The prime emphasis in the selling effort in 1971 was to recapture passenger and cargo business and to offset the impact of new competition. Here, the ability to sell our 747 services — which the competition could not match — was important.

Minnesota Twins signed with NWA

As 1971 ended, NWA was the only carrier offering 747 service in the following markets: Twin Cities-New York; Chicago-Tampa/St. Petersburg; Twin Cities-Miami; Seattle-Anchorage; Twin Cities-Chicago; Twin Cities-Los Angeles-Honolulu-Tokyo; Twin Cities-San Francisco; Miami-Seattle; Tokyo-Taipei; Tokyo-Manila and Seattle-Honolulu.

This service advantage was instrumental in generating business with travel agents, always a major source of business for Northwest Airlines. For 1971, revenues from travel agents totaled $124.5 million — highest in NWA history.

Delivery of new 747 aircraft also provided the opportunity to use other, smaller aircraft in the charter sales area. With a special sales team formed to sell charter travel, volume grew to nearly double that of the most recent comparable year. Special attention was devoted to sports related travel, capped by the signing of the Minnesota Twins baseball team for the 1972 season.

Boston's Skyline behind Logan International

Advertising Concentrates on 747's

With the competitive edge of 747 equipment which Northwest Airlines possessed in many markets, much of the advertising stressed this advantage.

Advertising stressed 747 supremacy

A new trans-Pacific campaign, "Fly The Orient Expressway," was launched in 1971 and will continue through 1972. It is based on four color, full page advertisements in national magazines, underlining the choice of routes, service and 747 equipment supremacy offered by Northwest.

The return of NWA to television advertising centered on the Florida campaign — "The Good Times To Florida." This campaign relied heavily on TV commercials run in the Twin Cities, Chicago, Miami and Tampa/St. Petersburg, backed by newspaper and radio schedules.

Boston Becomes On-Line City

"Hello, Boston, We're Your New Airline" was the theme of the special advertising campaign developed to support the inauguration of service from the Twin Cities and Milwaukee to Boston which began September 1, 1971. Newspaper, radio and TV advertising were all used to register NWA in this historic and major market.

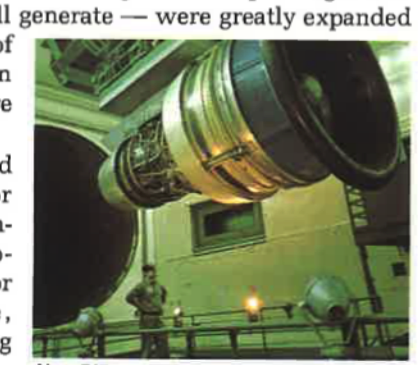
Initial schedules included two flights daily in each direction between Boston-Twin Cities and Boston-Milwaukee — one a non-stop.

At the end of three months, Northwest Airlines had succeeded in capturing more than 50 percent of the non-stop business in these markets.

747 Support Facilities Expanded

The support services and facilities necessary to handle the 747 fleet — and the growth in passenger and cargo business it will generate — were greatly expanded in 1971. A number of departments within your Company were involved:

Maintenance and Engineering's major effort was the completion of the program to provide for the maintenance, overhaul and testing of the 747 fleet.



New 747 engine test cell

HIGHLIGHTS OF 1971...

Commissioning of the two new 747 hangars at the Twin Cities headquarters was accomplished and a new $1.5 million test cell facility was built and put into operation in July. This provided post-overhaul and repair test capabilities for the JT9D Pratt & Whitney engine which now powers the 747 and which will be used in the DC-10.

INSTA-RES gives fast answers

In the Computer Services area, the dividends on the Company's investment in new and larger computer equipment were very evident in 1971.

The INSTA-RES system provided an instantaneous reservations system — a completely standardized procedure with the capacity to develop a passenger name record — that was the most advanced in the industry.

TV screen shows complete record

In August, 1971, a flight information system (FLIFO) was computerized. This provides sales, reservations and operations personnel with up-to-the-minute information on each flight's status — departure time, en route delays, arrival time. This information, captured by the computer directly from radio reports, appears on the agent set in TV picture form.

Pilots check flight dispatch

Use of the computer was also expanded to scheduling of flight crews — improving crew productivity and working conditions.

Today, NWA's computer services also function in point to point communications, monitoring engine performance, fare quotations and a number of accounting functions of the Company.

The expansion program that was made necessary by the arrival of the 747, continued throughout 1971.

Two new 747 hangars were completed and occupied and a new $3.5 million flight services and cargo building was also finished.

Weather gets constant study

Additionally, a $4.3 million satellite terminal was constructed and put into operation at Twin Cities International Airport. Built primarily to provide gate positions for wide-bodied jet aircraft, the satellite can accommodate four 747's or DC-10's — or seven smaller jets — simultaneously.

At Miami, a concourse was extended to provide the capacity for handling two 747's at once. And at Tampa/St. Petersburg, NWA became custodian and tenant of Airside Building No. 4 in that handsome new terminal complex.

A new $2.9 million 747 flight simulator was installed in the new flight services building in the Twin Cities and, combined with actual 747 training flights, aided in qualifying a total of 304 NWA pilots on the aircraft in 1971.

New Twin Cities satellite terminal

Testimony to Northwest Airlines' leadership in aircraft noise abatement came from the National Organization to Insure a Sound-Controlled Environment (NOISE), a nation-wide citizen group concerned with aircraft noise impact, when they singled out NWA as the air carrier for its national award.

The Federal Aviation Administration and airport authorities from around the U.S. also recognized NWA's leadership and came to the Twin Cities to watch demonstration flights using NWA noise abatement procedures.

Boeing 747 flight simulator

Route Case Activity Is Slow

New route case proceedings were almost totally dormant in 1971. Three cases already before the Board in which Northwest Airlines is an applicant are still awaiting CAB final decision: Omaha/Des Moines to various east and west coast terminals; Detroit/Cleveland-Atlanta and Chicago-Jamaica.

New Services Introduced

In addition to the service to Boston inaugurated on September 1, 1971, Northwest Airlines introduced its non-stop service in the Twin Cities-Philadelphia market and it has been very well received.

All-cargo service connecting Philadelphia to Detroit, the Twin Cities and Seattle was also inaugurated, with connecting services to the Orient.

In the area of air freight, NWA introduced an experimental program with motor carriers trucking freight from system cities lacking air freighter service to the NWA city nearest which offers this service. This has provided a much larger market base.

Personnel Key to Success

Even with the newest and best of equipment, an airline's success is based on the ability and enthusiasm of its personnel.

In 1971, the people of Northwest Airlines demonstrated their interest in, and concern for, the customer and the Company. There were a number of ways to document this:

- The establishment of a new annual on-time performance record with 81.2 per cent of all flights departing on published schedule — a very favorable ranking among U.S. airlines.

Activity in new flight kitchen

- The receipt by the Company in 1971 of a record number of commendation letters from customers, citing excellent performance by flight crew and ground employees.
- The creation of a voluntary public relations program by the pilots called PEP (Pilot Employee Program) to assist in selling the airline's services. This has brought NWA pilots before a number of civic, church and school groups across the system.
- The participation by 4,372 NWA employees in the Company's Employee Stock Purchase Plan.

During 1971, NWA's employment grew from 6,507 to 10,113 persons at year-end. The increase reflected the build-up of scheduled services during the year following the strike of late 1970.

Ground hostess aids passengers

The stability of NWA's work force is well illustrated by the fact that 1,200 employees have 25 years of service or more with the airline.

Affirmative Action Program Continued

The Company continued its active participation in the Affirmative Action Program — providing employment opportunities for members of minority groups. Emphasis on job upgrading was also continued.

Northwest Airlines also participated in the national convention of the NAACP and, for the third year, sponsored 'Operation Kidlift' in which jet flights were provided to disadvantaged youngsters from the Twin Cities area.

Bright Outlook for 1972

As 1971 ended, Northwest Airlines was noting the upswing in business that was reflected in the economy generally.

With this momentum, and continued dedication by Northwest Airlines' employees in all departments, your Company looks forward to bright prospects for 1972.

Tampa/St. Petersburg's new airport

2008-0054-