



Northwest Airlines, Inc., incorporated in the State of Minnesota, is a scheduled air carrier engaged in the commercial transportation of passengers, mail and freight, and operates under Certificates of Public Convenience and Necessity issued by the Civil Aeronautics Board.

Northwest's current route system provides service to 77 cities in 28 states and 14 countries. In addition to serving the 48 contiguous states, Alaska, Hawaii, the District of Columbia and Guam, Northwest's route system also includes cities in Canada, Japan, Korea, Taiwan, Hong Kong, the Philippines, Sweden, Denmark, England, Ireland, Germany, Norway and Scotland.

1984 will mark Northwest's thirty-seventh year of service to the Orient and the airline will inaugurate service to the People's Republic of China and Malaysia.

Northwest ranked as the seventh largest U.S. carrier in terms of revenue passenger-miles in 1983, and its freight operations were second largest in terms of freight ton-miles.

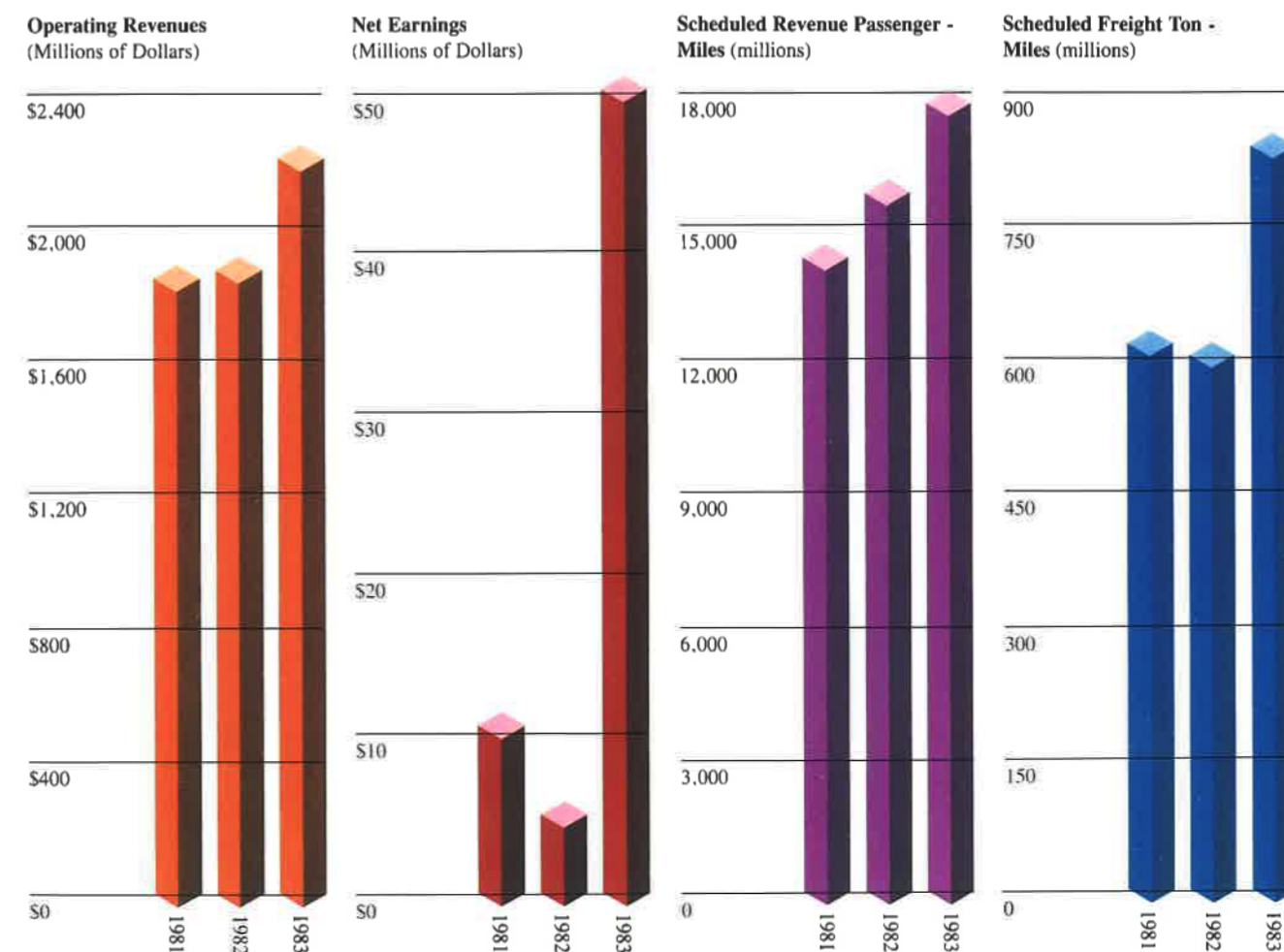
About The Cover

Minneapolis/St. Paul International Airport is Northwest Airlines' world headquarters and largest operating station. Northwest operates 206 departures and arrivals per day at this facility, providing nearly 800 convenient service opportunities to and from the Twin Cities.

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	1983	1982*	1981
Total Operating Revenues	\$2,196,036,000	\$1,877,568,000	\$1,854,290,000
Operating Income (Loss)	68,886,000	(8,375,000)	1,747,000
Net Earnings for the Year	50,073,000	5,019,000	10,460,000
Per Common Share	2.19	.23	.48
Per Dollar of Revenue	2.3¢	.3¢	.6¢
Stockholders' Equity	\$854,189,000	\$820,605,000	\$832,510,000
Per Common Share	39.33	37.85	38.43
Dividends Paid	17,367,000	17,332,000	17,326,000
Operating Expenses:			
Per Available Ton-Mile	40.5¢	40.7¢	41.0¢
Per Revenue Ton-Mile	76.0¢	80.3¢	83.9¢
Revenue Traffic:			
Passengers Carried	12,718,000	11,356,000	11,145,000
Passenger-Miles Flown	17,711,929,000	15,675,194,000	14,251,932,000
Ton-Miles, Mail and Freight	979,753,000	739,955,000	761,622,000
Common Shares at Year End	21,716,000	21,678,000	21,661,000
Employees:			
Number at Year End	14,187	13,754	13,096
Total Wages and Benefits Paid	\$569,535,000	\$478,953,000	\$444,054,000

*Operating results were affected by a major strike which extended from May 22, 1982 to June 17, 1982.



In 1983 Northwest Airlines posted its strongest financial results since 1979 with net earnings of \$50 million or \$2.19 per share, up from \$5.0 million or 23 cents per share in 1982. Our strong performance was highlighted by several key developments:

- Total operating revenues surpassed \$2 billion for the first time in our history, increasing 17 percent to \$2.2 billion.
- Freight revenues increased sharply to \$290 million, up 41 percent from 1982.
- Operating income was \$69 million, and with total depreciation at \$147 million, our cash operating income amounted to \$216 million.
- Northwest was one of the few airlines to avoid interest expense in 1983. By investing the proceeds from our \$100 million debenture issued in February 1983, our investment income exceeded net interest expense by \$4.4 million — an outstanding performance in an industry saddled by heavy debt.
- Our ability to grow and prosper in a highly competitive environment was evidenced by a 13 percent increase in passenger traffic and by a 60 percent systemwide passenger load factor, our highest since 1956.

Fleet Expansion

All of the aircraft in our fleet are owned and paid for. Late in 1983, we announced plans to purchase 20 new-generation Boeing 757 passenger aircraft, valued at \$800 million including engines and spare parts. The 757s are scheduled for delivery at the rate of 10 in 1985 and 10 in 1986. These fuel-efficient planes, equipped with the new Pratt & Whitney 2037 engine, will enhance our competitive capabilities and permit profitable expansion of our domestic route system.

In September, we received delivery of a new Boeing 747-200 freighter, our sixth, and placed it in service in the growing Pacific air freight market. In addition, to increase our international capacity, we purchased four new long-range Boeing 747-200 passenger aircraft for delivery in Spring 1984, thus solidifying our position as owner of the largest full-size 747 fleet among all U.S. airlines.

This aggressive fleet expansion program will be financed largely with internally-generated funds. By year-end, nearly \$100 million was on deposit with manufacturers in addition to the more than \$100 million in cash and short-term investments that had been set aside for acquisitions. Some borrowing will be necessary to augment cash flow from depreciation and earnings to make the final delivery payments. However, this will not unduly tax our financial strength, and Northwest's debt/equity ratio will remain among the most conservative in the industry.

Routes and Traffic

Route expansion efforts in 1983 were focused primarily on our growing international system. After adding new routes and strengthening others,

Northwest was providing 56 passenger and cargo roundtrips per week to the Far East over seven U.S. gateway tracks. Advance schedules indicate that we will operate 70 round trips a week in the peak season of 1984. This will include new service to the People's Republic of China and Kuala Lumpur, Malaysia, in addition to further development of our new San Francisco-Tokyo nonstop route.

European traffic also was strong in 1983 as we increased Atlantic roundtrip crossings to 31 per week. In 1984, we will be serving nine European cities with the addition of Frankfurt and Dublin. On the domestic side, we further advanced our position in the Sun Belt by introducing service to Tucson in December.

Organization

We took steps to strengthen Northwest's top management team in 1983. Steven G. Rothmeier was elected President and Chief Operating Officer in September. At the same time, James A. Abbott was named Senior Vice President and General Counsel and elected to the Board of Directors. To broaden the management base further, Benjamin G. Griggs, Jr. was elected Executive Vice President-Operations, with responsibility for Flight Operations, Maintenance and Engineering, and Ground Operations. In addition, Brent J. Baskfield was named Vice President-In-Flight Services; Phillip R. Gossard was elected Vice President-Ground Services; and Walter H. Pemberton became Vice President-Communications and Computer Services.

The Year Ahead

Looking ahead, we are fully prepared to meet the challenges of a deregulated airline industry and compete successfully with large and small carriers alike. Our strong financial position will serve us well in any operating environment, and we will continue to build and emphasize our unique blend of a strong domestic route system welded to a two-ocean international network.

A special word of thanks is due our more than 14,000 skilled and dedicated employees worldwide, whose hard work made 1983 a year of improved service and earnings. We also appreciate the continued support of our many shareholders, and we look forward to reporting another successful year in 1984.

Sincerely



M.J. Lapensky

Chairman of the Board and Chief Executive Officer

February 21, 1984



**We posted
our strongest
operating
results since
1979.**



To maximize efficiency and permit substantial expansion of our domestic route system, Northwest is purchasing 20 Boeing 757 aircraft, powered by Pratt & Whitney 2037 engines. This new-generation aircraft purchase is valued at \$800 million, the single largest fleet buy in Northwest's history. Ten will be delivered in 1985 and the remaining ten in 1986.

The fuel-efficient 757 will accommodate 185 passengers in a first-class and economy-class configuration. The aircraft will enhance our ability to compete with new, low-cost carriers, and the 757s are equipped to easily accommodate Northwest's domestic nonstop flights up to 3,000 miles.

In other fleet expansion developments in 1983, Northwest also purchased:

- Four long-range Boeing 747-200 passenger aircraft that will help meet the needs of Northwest's rapidly growing international system. Delivery is scheduled for spring 1984.
- One Boeing 747-200F all-cargo aircraft delivered in September, 1983, and now in service on transpacific routes.
- Two Boeing 727-200 aircraft that are currently serving domestic routes.

At the time of delivery of the four new 747-200 passenger aircraft by summer 1984, Northwest will own and operate 34 Boeing 747s, the largest full-size 747 fleet of any major U.S. airline.

As of summer, 1984, Northwest's total fleet will consist of:

Boeing 727-100	9
Boeing 727-200	56
McDonnell Douglas DC10-40	19
Boeing 747	28
Boeing 747 Freighter	6
Total Fleet	118



Operating a fully-owned and debt-free fleet of the most advanced aircraft in the world.



Continuing our program of selective, strategic route additions, Northwest strengthened its worldwide route system in 1983 by expanding in a number of key markets. Spanning the globe from Hamburg to Hong Kong, Northwest serves 77 cities in 28 states and 14 countries.

The majority of the 1983 route additions involved our international system, reflecting the strong growth in overseas traffic. Of special significance was the new and expanded service to the Orient. The past year marked Northwest's 36th year of service in the Pacific. During the peak summer months, we were providing 56 passenger and cargo round trips each week from the gateways of New York, Chicago, Los Angeles, San Francisco, Seattle, Anchorage and Honolulu. Based on advance schedules, Northwest will be providing ten round trips per day in passenger and cargo service across the Pacific in 1984 — more than any other transpacific airline.

Route system highlights in the Orient during 1983 included:

- New nonstop service between Chicago and Seoul, Korea.
- New nonstop service between San Francisco and Tokyo.
- New single-plane service between Minneapolis/St. Paul and Tokyo.
- More nonstops between New York and Tokyo — from two flights each week in 1982 to five in 1983.

In Spring of 1984, Northwest will inaugurate twice-weekly service between the U.S. and the People's Republic of China with flights serving Shanghai.

In another significant route addition in 1984, Northwest will be introducing direct service from San Francisco via Tokyo to the major business center of Kuala Lumpur, Malaysia.

Northwest's European route system also recorded an increase in service in 1983, rising to 31 transatlantic crossings every week. In Spring 1984, we will inaugurate service to Frankfurt, West Germany, and Dublin, Ireland. Dublin will bring to nine the number of cities served by Northwest in its Atlantic system.

On the domestic side, Northwest further bolstered its position in the Sun Belt. Direct service was introduced between Tucson and the Twin Cities, Milwaukee and Phoenix. Tucson became the fifteenth Sun Belt city served by Northwest.



Spanning the globe from Hamburg to Hong Kong, Northwest's route system serves 77 cities in 28 states and 14 countries.



Northwest's air freight operations are the second largest among all U.S. carriers and fifth largest in the world. In terms of ton-miles flown, Northwest is the largest freight carrier among all U.S. combination carriers. Total cargo ton-miles were up 32 percent in 1983 and total revenues climbed 30 percent for the year.

Northwest focused its 1983 air freight efforts on the rapidly growing transpacific markets. Cargo ton-miles increased nearly 50 percent on our Pacific routes, resulting in an all-time Northwest record for total freight and mail carried to the Orient.

Northwest's sixth 747F all-cargo aircraft joined our freighter fleet last year. This permitted three additional transpacific freighter flights each week and added 20 percent more capacity to our freighter fleet. Following delivery of this sixth plane, Northwest operated 13 Pacific 747F flights each week during the peak season.

Northwest's freighter service through the San Francisco gateway surpassed Los Angeles cargo traffic in its first year of operation. The combined Los Angeles/San Francisco freighter service has strongly positioned us in the key West Coast-Far East market and provides a solid foundation for future growth.

Air freight charter operations generated significant revenue in 1983. A major contribution was 14 livestock charters from Minneapolis/St. Paul to Seoul, Korea. A record 1,598 cattle weighing nearly 850,000 pounds were transported for breeding purposes.

The inauguration of Northwest's Cargo Control Center greatly improved freight loads on both freighters and widebody passenger aircraft. This fully automated control system keeps track of Northwest's fleet of cargo containers and closely matches freight with aircraft capacity. This helped increase air freight revenues, particularly from widebody passenger flights which were used increasingly to supplement our freighter fleet.



Strongly positioned in West Coast — Far East air cargo markets, providing a solid foundation for future growth.



Northwest committed more than \$25 million in 1983 on new, expanded and upgraded passenger and air freight facilities at terminals throughout the U.S. Keeping our ground facilities modern, efficient and capable of handling increasing volumes of passengers and cargo is a critically important aspect of our long-term growth plans. Some of the larger projects in 1983 included:

New York. Northwest opened new passenger facilities at LaGuardia Airport, providing much greater convenience for our New York customers. In addition, work was started on a \$7.7 million building expansion at our John F. Kennedy cargo facility, which will expand Northwest's JFK freight handling capacity by 150 percent.

San Francisco. New passenger facilities were opened at San Francisco International Airport, designed to handle domestic and international flights. We also acquired a 79,000 square-foot cargo facility, which includes two freighter positions and a mechanized cargo handling system.

Los Angeles. Work commenced on a \$7.9 million, 60,000-square-foot freight facility at Los Angeles International Airport, the country's second largest cargo market and one of Northwest's most important gateways to and from the Far East.

Ft. Myers. Northwest opened new terminal facilities with one widebody gate at Southwest Regional Airport, which is designed to handle all Northwest traffic for the southwestern corner of Florida.

Honolulu. A new \$2 million cargo facility became operational, including refrigerated storage capacity for 70,000 pounds of perishable goods.

Phoenix. Northwest moved into a new passenger terminal that will provide greater customer convenience and opportunity for future expansion.

Minneapolis/St. Paul. Work has started on a connector between Northwest's two primary passenger concourses, which will reduce the connecting times for passengers between flights. In addition, the refurbishing of all Top Flight Clubs was begun with work on the lounges at Minneapolis/St. Paul. In 1984 work also will begin on a major expansion of gate facilities on the Gold Concourse.



Keeping ground facilities modern and efficient is critically important to our long-term growth plans.



Northwest's growth and profitability are being fueled by our ongoing commitment to strategic long-range planning and aggressive marketing. By developing and implementing a host of innovative marketing strategies, we are continuously bolstering Northwest's position in our chosen markets, domestic and overseas.

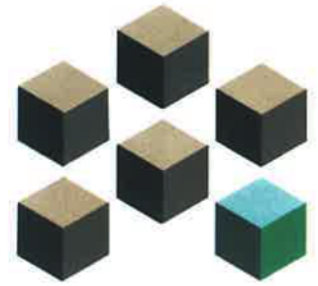
Northwest introduced Regal Imperial Service on all international flights in 1983 to increase the volume of high-yield first and executive class fares. Regal Imperial has done just that. This all-new service includes designer linen, fine wines, choice of gourmet entrees served on custom-designed Royal Doulton China and a variety of other amenities.

Unique to Northwest, our Deferred Payment plan for winter vacation travel to Sun Belt cities was another example of targeted, innovative marketing. Under this program, passengers guarantee their winter air fares in advance with credit cards — interest free — and make no payments until after the trip. Still another effective promotional program for the business traveler was the unveiling of Northwest's third Free Flight Plan, one of the most successful in the industry.

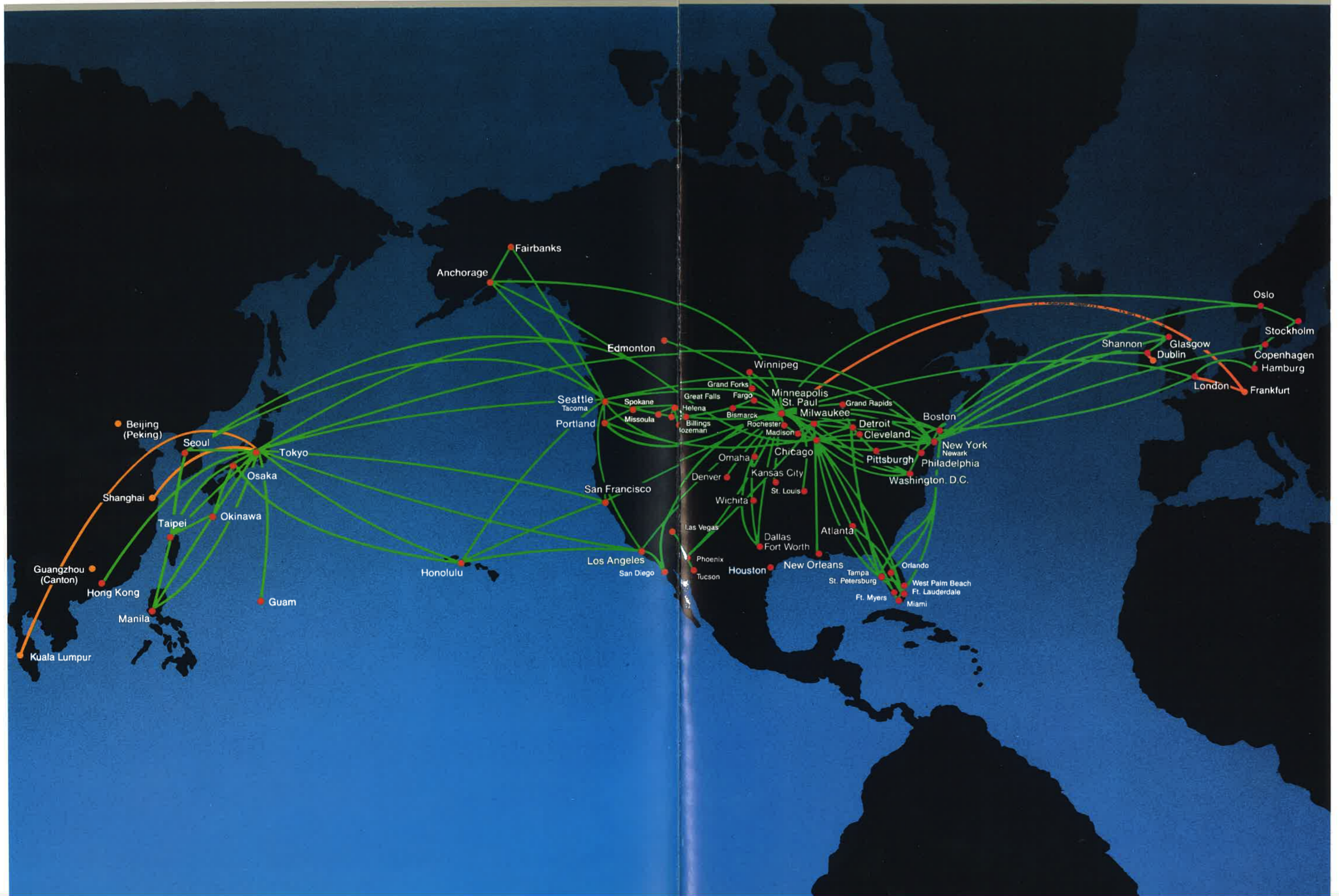
More than 16,000 U.S. travel agents can electronically access Northwest's fares and schedules. In addition to our own modern, high speed POLARIS reservation system, Northwest is a co-host in three other large reservations systems: SABRE, APOLLO and MARS. Northwest also participates in the main automated reservation systems serving Canada, England, Ireland, Scotland and Hong Kong.

Northwest has taken steps to work much more closely with commuter airlines to develop interline feed from cities not served by us. This cooperation includes joint fares, joint advertising and marketing, and in some cases, including commuter airlines in our computerized reservation system, POLARIS.

Northwest has aggressively marketed its tour and leisure and convention and sales businesses in 1983. As a result, both divisions reported strong revenue gains for the year.



Functioning as an aggressive marketing organization, committed to strategic long-term planning.



Operating Revenues

Operating revenues increased 17% in 1983 to a record \$2,196,036,000 compared with \$1,877,568,000 in 1982 and \$1,854,290,000 in 1981. Passenger revenues for the year increased 15.6% to \$1,812,227,000 on a 13% increase in revenue passenger-miles and a 2.3% increase in yield (revenue per passenger mile). 1982 passenger revenues of \$1,567,986,000 were 3% higher than 1981, due entirely to increased traffic.

While 1983 revenue passenger-miles increased 13%, available seat-miles increased only 12.4% resulting in a .3 percentage point increase in load factor to 60%. The 1982 load factor of 59.7% was a 2.3 percentage point increase over 1981.

The domestic markets experienced several major fare changes during 1983. Fare wars dominated the first quarter when \$99 fares were widespread, while the second quarter showed some signs of yield improvement due to the elimination of many discount fares. Yield improvements

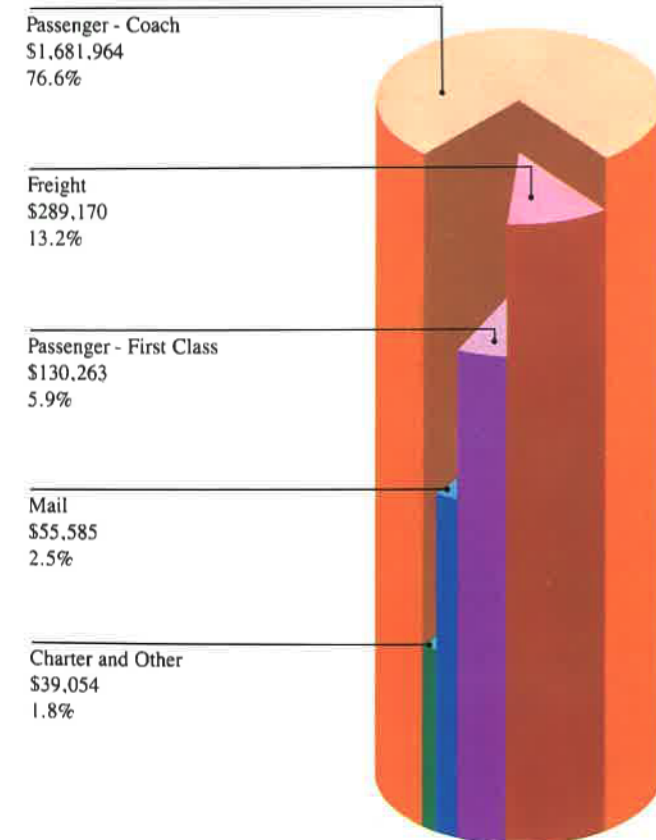
continued in the third and fourth quarters as a result of several discount fare increases and a lower level of special discount and promotional fare traffic.

Freight revenues increased a record \$84,152,000 or 41% to \$289,170,000 as freight ton-miles increased 39.2% and yield per ton-mile increased 2%. 1982 freight revenues of \$205,018,000 were down 7.5% from the \$221,691,000 recorded in 1981 primarily due to reduced 747F freighter operations during the strike in 1982. Mail revenues decreased by \$4,866,000 to \$55,585,000 in 1983, primarily the result of U.S. mail rate reductions. Charter and other transportation revenues increased \$1,440,000 to \$36,198,000.

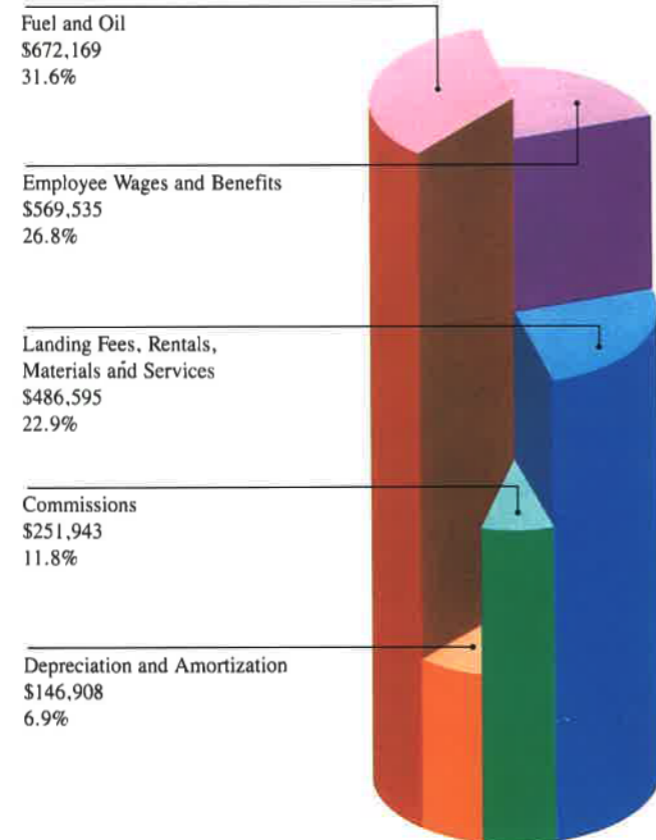
Operating Expenses

Operating expenses for 1983 totaled \$2,127,150,000 compared with \$1,885,943,000 in 1982 and \$1,852,543,000 in 1981. Despite the 12.8% increase in total expenses, operating expenses per available ton-mile decreased in 1983 for the third straight year to 40.5¢ from 40.7¢ in 1982 and 41¢ in 1981.

Sources of 1983 Operating Revenues
(Thousands of Dollars)



Distribution of 1983 Operating Expenses
(Thousands of Dollars)



The cost per gallon of jet fuel declined 9.97¢ from 1982 and, as a result, total fuel cost for 1983 was up a modest .8% despite a 12% increase in revenue plane-miles flown.

Personnel costs increased 18.9% and other cash expenses rose 16.0% in 1983 reflecting an increase in capacity and higher levels of traffic as well as moderate increases in wages and supplier price levels.

Agency commissions increased by \$68,312,000 in 1983 due to increased commission rates and a higher level of sales by commission agents.

Depreciation and amortization expense totaled \$146,908,000 in 1983 compared with \$136,651,000 in 1982 and \$133,489,000 in 1981. The 1983 increase was primarily the result of the addition of a new 747F freighter in September and the rapid write-off of several used 727 aircraft acquired during the year. The impact and effect of inflation and changing prices are discussed in Footnote J to the financial statements.

Earnings and Dividends

Net earnings of \$50,073,000 (\$2.19 per share) for 1983 were a substantial improvement over the \$5,019,000 (\$.23 per share) and \$10,460,000 (\$.48 per share) reported in 1982 and 1981 respectively.

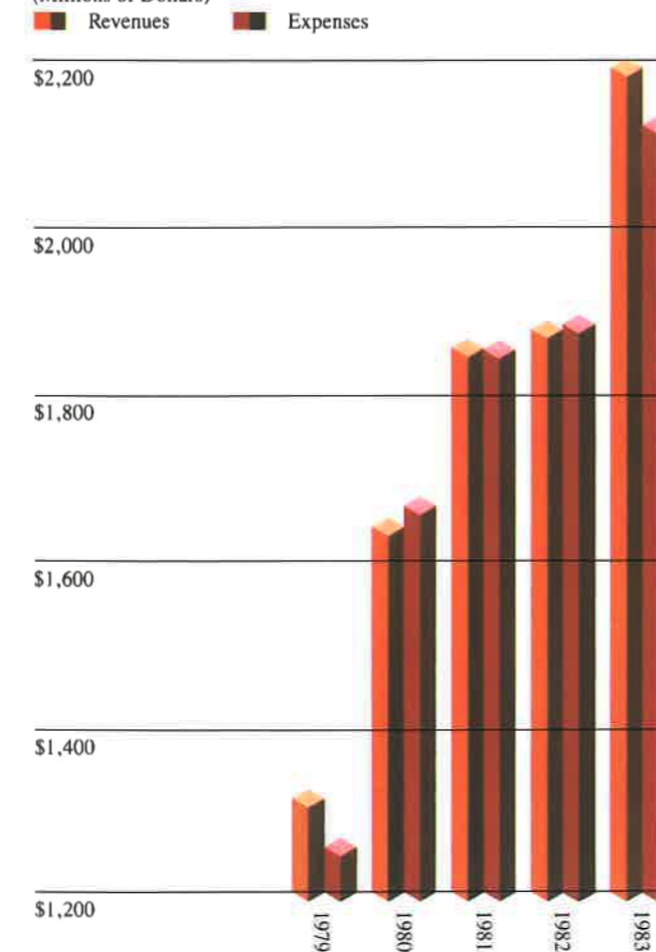
Operating revenues increased 17% in 1983 while operating expenses rose 12.8%, resulting in operating income of \$68,886,000 compared to an \$8,375,000 operating loss in 1982 and operating income of \$1,747,000 in 1981.

Investment income in 1983 totaled \$7,960,000 compared with \$2,550,000 in 1982 and \$2,266,000 in 1981. Interest expense totaled \$3,548,000 in 1983, \$7,216,000 in 1982, and \$14,135,000 in 1981.

Gain from the disposal of equipment was a modest \$805,000 in 1983 as no aircraft were sold. 1982 gains totaled \$12,425,000 and 1981 gains were \$16,975,000 reflecting the sale of five and seven Boeing 727-100C aircraft respectively.

Earnings before income taxes for 1983 were \$73,603,000, and compare with \$688,000 for 1982 and \$7,909,000 for 1981.

Operating Revenues and Expenses
(Millions of Dollars)



Stockholders' Equity VS Long Term Debt
(Millions of Dollars)



The 1983 operating income of \$68,886,000 is the highest Northwest has achieved since the record year of 1977, while the \$50,073,000 net earnings are the largest since 1979.

Northwest Airlines continued its dividend payment policy in 1983 with quarterly payments for the 29th consecutive year. Cash dividends of 80¢ per share were paid totaling \$17,367,000. Northwest common stock is principally traded on the New York Stock Exchange. A table showing sales prices and dividends paid per share in 1983 and 1982 is included on page 33.

Taxes on Earnings

Income tax expense totaled \$23,530,000 in 1983 compared to income tax credits of \$4,331,000 in 1982 and \$2,551,000 in 1981. Investment tax credits earned were \$9,745,000 in 1983, \$3,128,000 in 1982, and \$4,837,000 in 1981. Investment tax credits are applied on tax returns as allowed by income tax regulations. Credits not currently applied are offset against deferred taxes, and as of

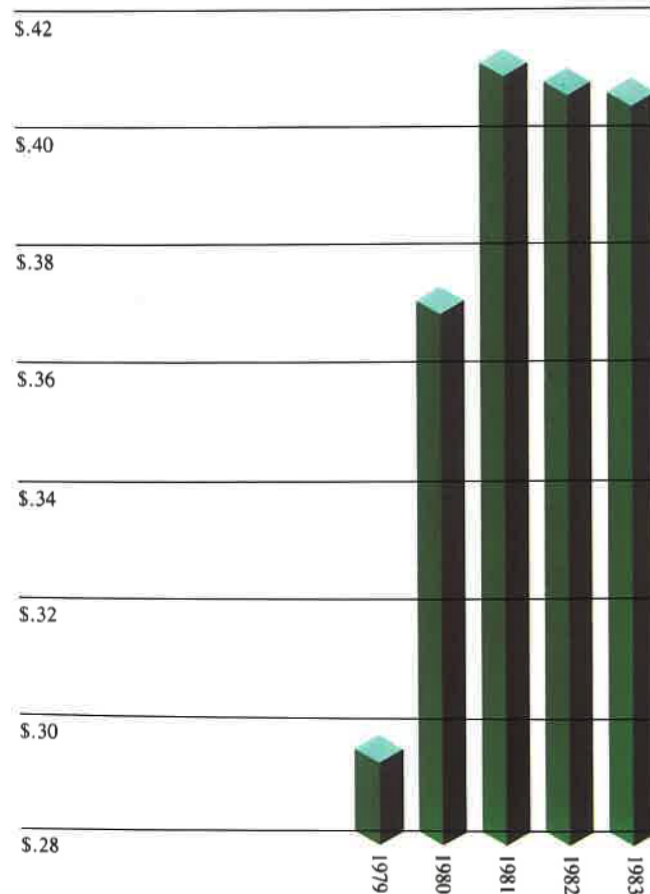
December 31, 1983 these credits totaled \$36,461,000. No tax benefits were "sold" during 1983 as Northwest Airlines plans to utilize all of its depreciation deductions and investment tax credits in its own tax returns. The Company continues to use accelerated depreciation methods for income tax purposes as provided by law.

Financial Condition

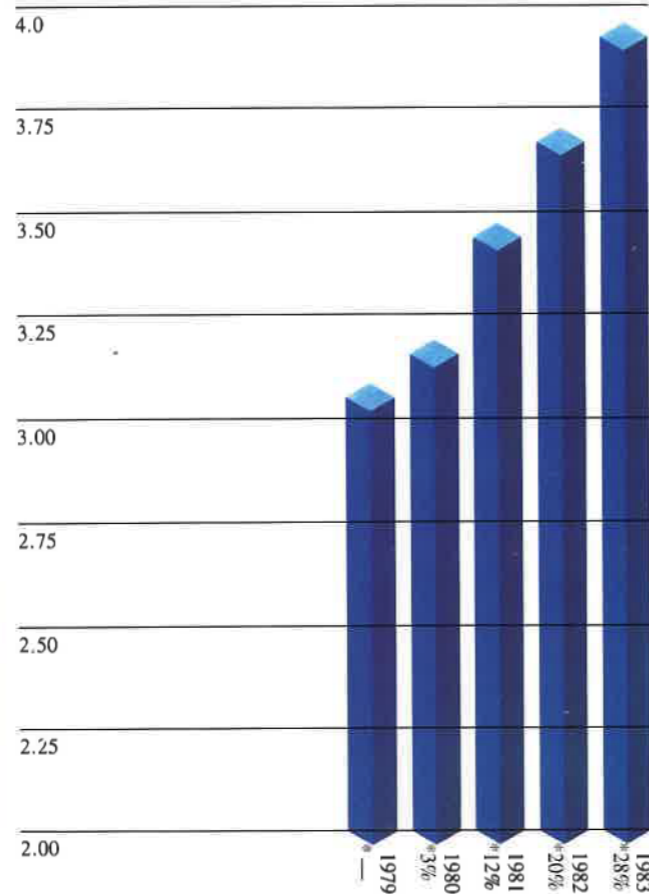
With its \$854,189,000 of stockholders' equity and low level of debt, Northwest ranks as one of the financially strongest carriers in the industry. Unlike many others, Northwest is not saddled with a heavy debt load and the resulting interest burden (1983 investment income actually exceeded interest expense), and its entire fleet of aircraft is owned and paid for. Even though the fleet expansion program recently entered into is the most aggressive in the history of the Company, it is expected that the purchases can be financed largely with internally generated funds.

Despite the largest first quarter loss in Northwest's

Operating Costs Per Available Ton Mile



Fuel Efficiency Increases
(Revenue ton miles per gallon)
*Percent of increase over 1979



history, the Company produced net earnings in 1983 of \$50,073,000 on the strength of record third quarter earnings, the 35th consecutive year of profitable operation. The outlook for 1984 is encouraging, and Northwest's strong financial condition, dedicated employees, and efficient operations should allow for a strong performance in the future.

Cash Flow, Liquidity, and Capital Resources

Cash provided from operations totaled \$209,865,000 compared with \$132,895,000 in 1982 and \$139,863,000 in 1981. Included in cash from operations are the benefits from Northwest's policy of owning rather than leasing its equipment, which in 1983 provided cash through depreciation and amortization totaling \$146,908,000. In February, 1983 Northwest Airlines sold \$100,000,000 of 7½% Convertible Subordinated Debentures due in 2007 which are convertible into common stock at a rate of \$50.75 per share.

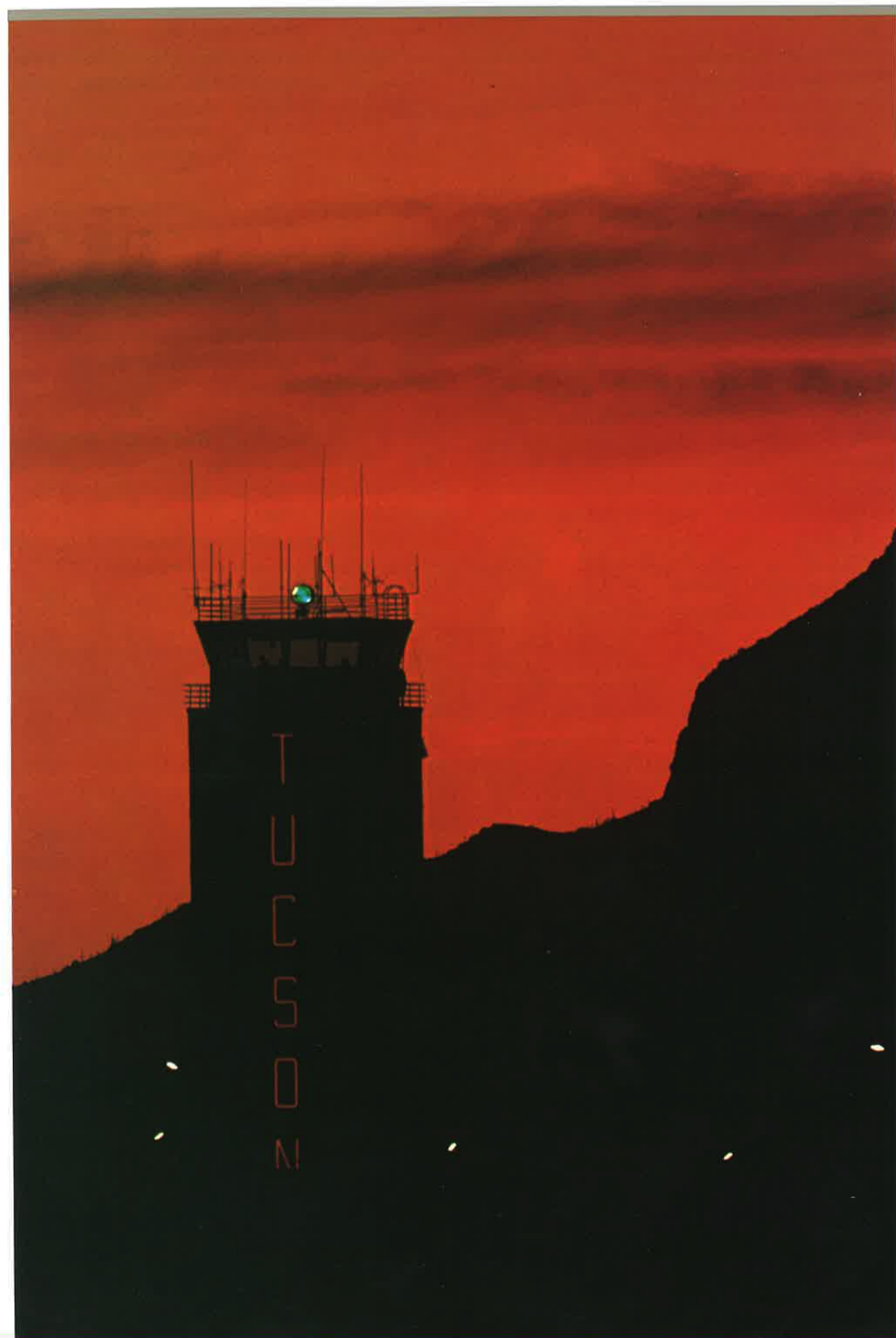
Cash and short-term investments increased to \$101,686,000 as total cash provided of \$475,665,000 exceeded the \$406,479,000 total cash used by \$69,186,000. The major uses of cash during the year were

equipment purchases of \$134,684,000 and aircraft deposits of \$99,572,000. One new Boeing 747-200 freighter and six used 727's were placed into service during 1983. Northwest has contracted to purchase four Boeing 747-200 passenger aircraft for delivery in 1984 and twenty Boeing 757 passenger aircraft for delivery in 1985 and 1986. The total cost of these aircraft and related equipment will be \$1,140,206,000 of which \$99,572,000 is already on deposit with the manufacturer. The proceeds from the 7½% Convertible Subordinated Debentures plus cash from operations, supplemented with borrowing as necessary, will be used to make the remaining payments on these aircraft which will be \$240,688,000 in 1984, \$407,048,000 in 1985, and \$392,898,000 in 1986. With total debt of only 12% of stockholders' equity, a commercial paper rating at the highest A-1/P-1 level, and net assets in excess of \$854,000,000, Northwest believes it will have no difficulty in generating adequate cash to meet all future corporate needs. At December 31, 1983 Northwest had \$100,000,000 in bank lines of credit. Book value per share of common stock increased to \$39.33 at December 31, 1983 compared with \$37.85 at December 31, 1982 and \$38.43 at December 31, 1981.

Selected Financial Data
(In Thousands)

Year Ended December 31	1983	1982*	1981	1980	1979
Operating Revenues	\$2,196,036	\$1,877,568	\$1,854,290	\$1,639,330	\$1,310,558
Net Earnings	50,073	5,019	10,460	7,084	72,475
Total Assets	1,602,236	1,377,387	1,492,381	1,532,539	1,528,921
Long-Term Debt	100,000	—	12,500	62,500	100,000
Per Common Share:					
Earnings	2.19	.23	.48	.33	3.35
Cash Dividends	.80	.80	.80	.80	.80

*Operating results were affected by a major strike which extended from May 22, 1982 to June 17, 1982.



Statements of Earnings Northwest Airlines, Inc.

(In Thousands)

Year Ended December 31	1983	1982*	1981
Operating Revenues			
Passenger	\$1,812,227	\$1,567,986	\$1,521,856
Freight	289,170	205,018	221,691
Mail	55,585	60,451	59,786
Charter and other transportation	36,198	34,758	21,766
Nontransport	2,856	9,355	29,191
	<u>2,196,036</u>	<u>1,877,568</u>	<u>1,854,290</u>
Operating Expenses			
Flying operations	868,145	838,693	858,997
Maintenance	192,383	149,749	156,450
Passenger service	186,802	158,816	147,650
Aircraft and traffic servicing	308,782	265,764	248,766
Reservations, sales and advertising	383,551	298,611	271,344
Administrative and general	40,579	37,659	35,847
Depreciation and amortization	146,908	136,651	133,489
	<u>2,127,150</u>	<u>1,885,943</u>	<u>1,852,543</u>
OPERATING INCOME (LOSS)	68,886	(8,375)	1,747
Other Income (Expenses)			
Investment income	7,960	2,550	2,266
Interest, net of capitalized interest (1983—\$4,872; 1982—\$1,681; 1981—\$672)	(3,548)	(7,216)	(14,135)
Gain on sale of flight equipment	805	12,425	16,975
Other	(500)	1,304	1,056
	<u>4,717</u>	<u>9,063</u>	<u>6,162</u>
EARNINGS BEFORE INCOME TAXES	73,603	688	7,909
Income tax expense (credit) — Note D	23,530	(4,331)	(2,551)
NET EARNINGS	<u>\$ 50,073</u>	<u>\$ 5,019</u>	<u>\$ 10,460</u>
Earnings per share — primary and fully diluted.	\$ 2.19	\$.23	\$.48

*Operating results were affected by a major strike which extended from May 22, 1982 to June 17, 1982.

See notes to financial statements.

Statements of Financial Position Northwest Airlines, Inc.
(Dollars In Thousands)

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December 31	1983	1982
ASSETS		
Current Assets		
Cash and short-term investments	\$ 101,686	\$ 32,500
Accounts receivable, less allowance of \$1,800	189,665	143,647
Flight equipment spare parts, less allowance for depreciation of \$31,406 (1982—\$27,086)	58,502	41,417
Maintenance and operating supplies	17,599	20,171
Prepaid expenses	18,372	14,597
TOTAL CURRENT ASSETS	385,824	252,332
Other Assets	12,409	10,159
Property And Equipment		
Flight equipment	2,080,299	1,996,925
Less allowance for depreciation	1,103,798	977,854
	976,501	1,019,071
Advance payments on new flight equipment	99,572	—
Other property and equipment	242,233	199,161
Less allowance for depreciation	114,303	103,336
	127,930	95,825
	1,204,003	1,114,896
	\$1,602,236	\$1,377,387

23

December 31	1983	1982
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Commercial paper	\$ —	\$ 4,958
Accounts payable and other liabilities	214,662	173,357
Employee compensation	50,863	40,016
Air traffic liability	104,933	77,205
Income taxes	5,097	2,790
TOTAL CURRENT LIABILITIES	375,555	298,326
Long-Term Debt — Note B	100,000	—
Deferred Credits And Other Liabilities		
Income taxes — Note D	260,123	247,239
Other	12,369	11,217
	272,492	258,456
Stockholders' Equity — Note C		
Common Stock \$1.25 par value, authorized 40,000,000 shares; issued and outstanding 21,715,995 shares (1982—21,678,458)	27,145	27,098
Capital surplus	126,474	125,643
Retained earnings	700,570	667,864
	854,189	820,605
Commitments And Contingencies — Notes E and F		
	\$1,602,236	\$1,377,387

See notes to financial statements.

Statements of Changes in Financial Position Northwest Airlines, Inc.
24

(In Thousands)

Year Ended December 31	1983	1982	1981
Cash Provided			
Net earnings	\$ 50,073	\$ 5,019	\$ 10,460
Add (deduct) non-cash items:			
Depreciation and amortization	146,908	136,651	133,489
Increase (decrease) in deferred income taxes	12,884	(8,775)	(4,086)
TOTAL FROM OPERATIONS	209,865	132,895	139,863
Issuance of 7½% convertible debt	100,000	—	—
Issuance of commercial paper and other borrowings	76,042	40,516	46,332
Decrease in interest receivable	—	43,528	—
Increase in accounts payable and other liabilities	41,305	21,174	9,840
Increase (decrease) in air traffic liability	27,728	(11,028)	(18,780)
Net book value of property dispositions	2,667	4,731	6,274
Other	18,058	5,450	8,394
TOTAL CASH PROVIDED	475,665	237,266	191,923
Cash Used			
Flight equipment and other property additions	134,684	55,070	50,676
Deposits made on flight equipment	99,572	—	—
Payments of commercial paper and other borrowings	81,000	81,109	34,949
Reduction of long-term debt including current maturities	—	62,500	37,500
Increase in accounts receivable	46,018	5,535	13,155
Dividends	17,367	17,332	17,326
Other	27,838	17,790	24,261
TOTAL CASH USED	406,479	239,336	177,867
INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	69,186	(2,070)	14,056
Cash and short-term investments at the beginning of the year	32,500	34,570	20,514
Cash and short-term investments at the end of the year	\$101,686	\$ 32,500	\$ 34,570

See notes to financial statements.

Statements of Stockholders' Equity Northwest Airlines, Inc.
25

(In Thousands)

	Common Stock		Capital Surplus	Retained Earnings
	Shares	Amount		
Balance January 1, 1981	21,647	\$27,059	\$124,940	\$687,043
Exercise of stock options	14	18	316	—
Net earnings for 1981	—	—	—	10,460
Cash dividends — \$.80 a share	—	—	—	(17,326)
Balance December 31, 1981	21,661	27,077	125,256	680,177
Exercise of stock options	17	21	387	—
Net earnings for 1982	—	—	—	5,019
Cash dividends — \$.80 a share	—	—	—	(17,332)
Balance December 31, 1982	21,678	27,098	125,643	667,864
Exercise of stock options	38	47	831	—
Net earnings for 1983	—	—	—	50,073
Cash dividends — \$.80 a share	—	—	—	(17,367)
Balance December 31, 1983	21,716	\$27,145	\$126,474	\$700,570

See notes to financial statements.

Note A — Accounting Policies

A summary of significant accounting policies of the Company is set forth below:

Basis of Presentation: The financial statements include the accounts of the Company and its wholly-owned subsidiaries after elimination of inter-company accounts and transactions.

Short-Term Investments: Short-term investments are stated at cost which approximates market and amounted to \$78,547,000 and \$18,330,000 at December 31, 1983 and 1982, respectively.

Flight Equipment and Property: Provision for depreciation is computed by the straight line method over the estimated useful lives of the assets. Useful lives are estimated at fifteen years with 10% residual values for 747 and DC-10 aircraft and ten years with 15% residual value for 727 aircraft. Useful lives of buildings vary from 5-30 years and other equipment from 4-10 years. Depreciation of flight equipment spare parts, rotables and assemblies is provided by the straight line method at rates which depreciate cost, less residual value, over the estimated useful lives of the related aircraft.

Pension Plans: The Company has several noncontributory pension plans covering substantially all of its employees. The Company's policy is to annually fund pension costs accrued, which includes amortization of prior service costs over periods of ten to thirty years.

Income Taxes: Income taxes are provided at statutory rates to earnings before income taxes regardless of when such taxes are paid. Deferred income taxes arise principally from timing differences between financial and tax methods of accounting for depreciation and capitalized interest.

The Company uses the flow-through method of accounting for investment credits. Investment credits not applied on tax returns are offset against deferred income taxes to the extent they are applicable to deferred taxes becoming payable in the investment credit carryover periods.

Operating Revenues: Passenger and freight revenues are recognized when the transportation is provided.

Earnings Per Share: Net earnings per share are calculated by dividing net income, adjusted for interest expense (net of income taxes) related to the convertible debentures, by the weighted average number of shares of Common Stock and Common Stock equivalents. Common Stock equivalents consist of convertible debentures and stock options.

Note B — Long-Term Debt and Credit Arrangements

The Company has line of credit arrangements with banks for short-term borrowings up to \$100,000,000 through April 15, 1984. Borrowings under the credit lines bear interest at the prime rate. Commitment fees which are 3/8% per annum on outstanding balances of commercial paper amounted to \$16,000 in 1983.

Long-term debt consists of 7 1/2% Convertible Subordinated Debentures due in 2007. The debentures are convertible into Common Stock at a rate of \$50.75 per share. The Company may redeem the debentures at any time after December 15, 1984 at prices ranging from 107% in 1984 to 100% after 2001, of the principal amount. Annual sinking fund payments are required beginning in 1992 of \$5,000,000, less the amount of debentures converted or redeemed.

Note C — Stockholders' Equity

Shares	1983	1982
Cumulative Preferred Stock, \$25 par value:		
Authorized	1,000,000	1,000,000
Issued	None	None

The Company has 1,970,443 shares of Common Stock reserved for conversion of the 7 1/2% convertible subordinated debentures as of December 31, 1983.

Common Stock options at prices which were not less than 100% of market at date of grant are as follows:

	Shares	Price Per Share
Outstanding at January 1, 1982	44,118	\$22.75/24.00
Granted	130,000	23.31
Exercised	(17,091)	22.75/24.00
Lapsed	(2,700)	23.31
Outstanding at December 31, 1982	154,327	22.75/23.31/24.00
Exercised	(37,537)	22.75/23.31/24.00
Lapsed	(22,348)	22.75/23.31/24.00
Outstanding at December 31, 1983	94,442	23.31
Options exercisable: At December 31, 1982	27,027	22.75/24.00
At December 31, 1983	34,142	23.31

Shares available for stock option and other plans were 203,835 and 181,487 at December 31, 1983 and 1982, respectively.

Note D — Taxes on Earnings (In thousands)

Reconciliation of the Company's effective income tax rate is as follows:

Year Ended December 31	1983	1982	1981
Statutory rate applied to pre-tax income	\$33,857	\$ 316	\$ 3,637
Add (deduct):			
Investment tax credit earned	(9,745)	(3,128)	(4,837)
Rate change on timing differences	(1,284)	(1,152)	(1,390)
Other	702	(367)	39
Total income tax expense (credit)	\$23,530	\$(4,331)	\$(2,551)

Federal, foreign and state income taxes (credit) consists of the following:

	1983		1982		1981	
	Current	Deferred	Current	Deferred	Current	Deferred
Federal	\$6,396	\$14,138	\$1,619	\$(6,821)	\$ 22	\$(3,598)
Foreign	827	—	855	—	788	—
State	2,068	101	1,009	(993)	(207)	444
	\$9,291	\$14,239	\$3,483	\$(7,814)	\$603	\$(3,154)

The deferred income tax expense (credit), consists of the following:

	1983	1982	1981
Accelerated depreciation	\$(10,961)	\$ (3,947)	\$ 1,919
Investment tax and other credits	24,123	13,127	(11,064)
Prepaid expenses	1,024	(51)	1,525
Interest	2,241	(18,724)	5,452
Deferred employee benefits	(685)	3,437	(25)
Rate change on timing differences	(1,284)	(1,152)	(1,160)
Other	(219)	(504)	199
	\$ 14,239	\$(7,814)	\$ (3,154)

Investment tax credits of \$36,461 not applied on tax returns but offset against deferred income taxes at December 31, 1983 will expire \$18,707 in 1995; \$4,817 in 1996; \$3,198 in 1997; and \$9,739 in 1998.

Note E — Commitments

The Company does not lease any aircraft or related flight equipment.

At December 31, 1983 the Company had contracted to purchase four Boeing 747-200B aircraft for delivery in 1984 and twenty Boeing 757 aircraft for delivery in 1985 and 1986. Deposits of \$99,572,000 have been made with the manufacturers, and additional expenditures of \$240,688,000 in 1984, \$407,048,000 in 1985 and \$392,898,000 in 1986 will be required for these aircraft and related equipment.

Leased property consists of space in air terminals, land and buildings at airports, and ticket, sales and reservation offices under noncancelable operating leases which expire in various years through 2018. Portions of these facilities are subleased under noncancelable operating leases expiring in various years through 1991.

Future minimum rental commitments at December 31, 1983 for noncancelable operating leases with initial or

remaining terms of one year or more, of which \$321,000,000 is for air terminal and airport facilities, are as follows:

1984	\$ 25,389,000		
1985	22,456,000		
1986	21,424,000		
1987	20,379,000		
1988	18,011,000		
Thereafter	227,421,000		
	335,080,000		
Sublease rental income	4,457,000		
	\$330,623,000		
Rental expense for all operating leases consisted of:			
	1983	1982	1981
Minimum	\$35,633,000	\$29,571,000	\$25,238,000
Sublease			
rental			
income	(1,099,000)	(1,075,000)	(917,000)
	\$34,534,000	\$28,496,000	\$24,321,000

Note F — Contingencies

The Company is a defendant in a class action brought in 1970 in federal court in Washington, D.C. by certain of its female cabin attendants alleging violations of certain provisions of the Equal Pay Act of 1963 and the Civil Rights Act of 1964. The trial judge held that provisions of both statutes had been violated by the Company. The Company appealed that decision. The Court of Appeals for the District of Columbia affirmed the trial judge on all substantive issues and remanded the case for further consideration by the trial court. After a denial of a motion for rehearing by the Court of Appeals, the Company petitioned the Supreme Court of the United States to review the decision of the Court of Appeals. That petition was denied on February 21, 1978. The case was then remanded to the trial court.

On remand the trial court resolved several outstanding issues and determined an award of damages to each of the plaintiffs. Judgment was entered on November 30, 1982 with total awards amounting to approximately

\$52,400,000. Both the Company and the plaintiffs have filed appeals to the U.S. Court of Appeals for the District of Columbia Circuit. However, if the plaintiffs prevail and the Company does not prevail on the appeals, the ultimate liability might be increased by an amount which the Company cannot presently quantify. On July 29, 1983, the trial court entered judgment against the Company for approximately \$3,500,000 in attorney's fees and costs. That judgment has also been appealed by the Company.

The ultimate outcome of this litigation cannot be predicted and, therefore, no specific amount of ultimate liability may be estimated as probable. The Company estimates that its ultimate liability may range from approximately \$1,000,000 to \$59,000,000 including plaintiffs' attorneys fees and costs and interest through December 31, 1983.

The Company is also involved in other legal actions relating to environmental issues (primarily noise and air pollution), alleged employee discrimination, and other matters relating to the Company's business. While the Company is unable to predict the ultimate outcome of these actions, it is the opinion of management that their disposition will not have a material adverse effect on the Company's financial position.

Note G — Pension Plans

The Company's pension expense was \$27,817,000 in 1983, \$23,469,000 in 1982 and \$27,254,000 in 1981.

Certain estimates relating to actuarial assumptions were changed in 1982. The changes resulted in reduced 1982 pension expense of approximately \$10.2 million. Approximately \$7.2 million of the change occurred in the fourth quarter. The changes in estimates have no effect on pension benefits to employees.

Accumulated plan benefit information, as estimated by consulting actuaries, and plan net assets for the Company's plans are:

Year Ended December 31	1983	1982
Actuarial present value of accumulated plan benefits:		
Vested	\$373,198,000	\$323,122,000
Non-vested	37,132,000	30,067,000
	\$410,330,000	\$353,189,000
Net assets available for benefits	\$551,968,000	\$470,826,000

The interest rate used in computing the present value of accumulated plan benefits was 7% except for certain retired plan participants where a 14% rate was used. The rate for retirees is based upon the actual earnings of a dedicated securities portfolio established for the payment of their benefits.

Note H — Export Sales

Northwest Airlines, Inc. is a scheduled air carrier engaged in commercial transportation of passengers, freight and mail, and operates under certificates of public convenience and necessity issued by the Civil Aeronautics Board. Export sales were \$612,000,000 in 1983, \$536,000,000 in 1982 and \$453,000,000 in 1981, principally associated with countries in Asia and Europe. Revenue from sales consummated in foreign countries is considered to be export sales.

Note I — Quarterly Results of Operations (Unaudited)

The following is a tabulation of the unaudited quarterly results of operations for the two years ended December 31, 1983:

	(In Thousands)			Earnings (Loss) Per Share of Common Stock
	Operating Revenues	Operating Expenses	Net Earnings (Loss)	
1983				
First quarter	\$ 451,882	\$ 495,077	\$(20,905)	\$ (.96)
Second quarter	537,537	513,482	14,356	.66
Third quarter	646,670	569,597	45,050	1.91
Fourth quarter	559,947	548,994	11,572	.49
	\$2,196,036	\$2,127,150	\$ 50,073	\$2.19
1982*				
First quarter	\$ 415,438	\$ 451,588	\$(17,968)	\$ (.83)
Second quarter	414,106	419,290	(1,453)	(.07)
Third quarter	574,995	527,103	27,010	1.25
Fourth quarter	473,029	487,962	(2,570)	(.12)
	\$1,877,568	\$1,885,943	\$ 5,019	\$.23

*Operating results were affected by a major strike which extended from May 22, 1982 to June 17, 1982.

See also Note G.

Note J — Supplemental Information on the Effects of Changing Prices (Unaudited)

AS REQUIRED BY FINANCIAL ACCOUNTING STANDARDS BOARD (FASB) STATEMENT NO. 33, "FINANCIAL REPORTING AND CHANGING PRICES", THE COMPANY MUST PROVIDE SUPPLEMENTAL INFORMATION CONCERNING THE EFFECT OF CHANGING PRICES ON ITS FINANCIAL STATEMENTS. The disclosures are intended to address two different aspects of an inflationary environment: (1) the effect of a rise in the general price level on the exchange value or purchasing power of the dollar (called "general inflation") and (2) the specific price changes in the individual resources used by the Company. Because there is presently no consensus on which aspect of inflation (if any) should be reported, FASB has devised an experiment requiring certain large, publicly held companies to present supplemental information reflecting both types of inflation measurements.

IT IS IMPORTANT THAT FINANCIAL STATEMENT USERS UNDERSTAND WHAT THE INFLATION ADJUSTED DATA IS INTENDED TO REPRESENT, AND ALSO RECOGNIZE ITS INHERENT LIMITATIONS. THE COMPANY HAS SERIOUS RESERVATIONS ABOUT THE USEFULNESS OF THIS DATA.

The Company believes that the following information is essential for a proper understanding and assessment of the data presented:

THE SUPPLEMENTAL INFORMATION ON CHANGING PRICES DOES NOT REFLECT A COMPREHENSIVE APPLICATION OF EITHER TYPE OF INFLATION ACCOUNTING. During the experimental period the FASB decided to focus on those items most affected by changing prices, that is: (1) the effect of both general inflation and specific price changes on properties and related depreciation expense, and (2) the effect of general inflation on monetary assets and liabilities.

Statement of Earnings Adjusted for Changing Prices

Year Ended December 31, 1983 (Dollars In Thousands)	As Reported in the Primary Statements	Adjusted for General Inflation	Adjusted for Changes in Specific Prices (Current Costs)
Operating revenues	\$2,196,036	\$2,196,036	\$2,196,036
Depreciation and amortization	146,908	258,061	348,982
Other operating expenses	1,980,242	1,980,242	1,980,242
Gain on sale of flight equipment	(805)	(763)	—
Other income, net	(3,912)	(3,912)	(3,912)
	2,122,433	2,233,628	2,325,312
Earnings (loss) before income taxes	73,603	(37,592)	(129,276)
Income taxes	23,530	23,530	23,530
Net earnings (loss)	\$ 50,073	\$ (61,122)	\$ (152,806)

Other Information

	Adjusted for General Inflation	Adjusted for Changes in Specific Prices (Current Costs)
Purchasing power gain from holding net monetary liabilities during the year	\$ 13,794	\$ 13,794
Increase in specific prices (current costs) of property and equipment held during the year*	—	\$ 522,338
Less effect of increase in general price level	—	92,143
Excess of increase in specific prices over increases in the general price level	—	\$ 430,195

*At December 31, 1983, current cost of property and equipment, net of accumulated depreciation, was \$3,011,477,000 (historical amount — \$1,204,003,000).

Five Year Comparison of Selected Supplementary Financial Data Adjusted For Effects of Changing Prices
In Average 1983 Dollars

Year Ended December 31	1983	1982	1981	1980	1979
	(In thousands of dollars, except per share data)				
Operating revenues	\$2,196,036	\$1,937,967	\$2,031,278	\$1,982,075	\$1,798,852
Historical Cost Information Adjusted for General Inflation					
Net earnings (loss)	(61,122)	(110,000)	(97,348)	(75,793)	17,894
Per share data	(2.60)	(5.08)	(4.49)	(3.51)	.83
Net assets at year-end	1,556,173	1,610,520	1,700,847	1,777,083	1,818,041
Current Cost Information					
Net earnings (loss)	(152,806)	(172,442)	(147,996)	(108,185)	(27,402)
Per share data	(6.51)	(7.96)	(6.82)	(4.99)	(1.26)
Excess of increase in specific prices of property and equipment over increase in the general price level	430,195	240,391	112,393	164,624	46,775
Net assets at year-end	2,668,281	2,390,227	2,387,046	2,435,616	2,391,053
Other Information					
Purchasing power gain from holding net monetary liabilities during the year	13,794	14,077	42,586	63,765	64,976
Cash dividends declared per common share	\$.80	\$.83	\$.88	\$.97	\$ 1.10
Market price per common share at year-end	44.75	48.51	29.58	28.73	37.92
Average consumer price index	298.4	289.1	272.4	246.8	217.4

Statement of Earnings

The accompanying supplemental statement of earnings presents income data under three measurement methods. These are:

a. As Reported in the Primary Statements — This amount is net earnings as reported in the primary financial statements on the historical cost basis of accounting. Under generally accepted accounting principles the effects of changing prices generally are not recognized for assets and liabilities.

b. Adjusted for General Inflation — This represents the historical amounts of revenues and expenses stated in dollars of the same (constant) general purchasing power, as measured by the average level of the Consumer Price Index (CPI) for 1983. Under this measurement method, historical amounts of depreciation expense and the gain on the sale of properties are adjusted to reflect the change in the level of the CPI that has occurred since the date the related properties were acquired. The amounts of revenues and other costs and expenses already approximate average 1983 constant dollars and remain unchanged from those amounts presented in the primary financial statements.

c. Adjusted for Changes in Specific Prices (Current Costs) — Income under current cost accounting attempts to deal with a different issue than income adjusted for general inflation. The specific prices of the Company's property have risen at a different rate than the general inflation rate as measured by the CPI. Current cost accounting measures properties at their current cost (rather than their historical cost) at the balance sheet date; depreciation is computed on average current cost for the year.

Income Taxes

Current tax laws do not recognize deductions for current cost depreciation expense; therefore, no adjustments have been made to the provisions for income tax.

Purchasing Power Gain from Holding Net Monetary Liabilities During the Year

When prices are increasing, the holding of monetary assets (e.g., cash and receivables) results in a loss of general purchasing power. Similarly, liabilities are associated with a gain of general purchasing power because the amount of money required to settle the liabilities represents dollars of diminished purchasing power. The net gain in purchasing

power is shown separately in the accompanying supplemental data. The amount has been calculated based on the Company's average net monetary liabilities for the year multiplied by the change in the CPI for the year. Such amount does not represent funds available for distribution to stockholders.

Increases in Current Cost of Properties

Under current cost accounting, increases in specific prices (current cost) of properties held during the year (including realized gains and losses on those sold) are not included in income from continuing operations but are presented separately. The current cost increase is reduced by the effect of general inflation measured by applying the annual rate of change in the CPI to the average current cost balances of properties.

Current Cost Measurements

The current cost of property and equipment has been estimated by management using pricing data furnished to the airline industry by the Air Transport Association. Flight equipment represents approximately 90% of the property and equipment.

Current cost depreciation is based on the average current cost of properties during the year. The depreciation methods (straight-line), salvage values and useful lives are the same as those used in preparing the primary financial statements.

Current cost calculations involve a substantial number of judgments as well as use of various estimating techniques that have been employed to limit the cost of accumulating the data. The data reported should not be thought of as precise measurements of the assets and expenses involved, but instead represent reasonable approximations of the price changes that have occurred in the business environment in which the Company operates.

Current cost does not purport to represent the amount at which the assets could be sold.

Accountant's Report

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

We have examined the statements of financial position of Northwest Airlines, Inc. and subsidiaries as of December 31, 1983 and 1982, and the related statements of earnings, stockholders' equity and changes in financial position for each of the three years in the period ended December 31, 1983. 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 financial statements referred to above present fairly the consolidated financial position of Northwest Airlines, Inc. and subsidiaries at December 31, 1983 and 1982, and the consolidated results of their operations and changes in their financial position for each of the three years in the period ended December 31, 1983, in conformity with generally accepted accounting principles applied on a consistent basis.

Ernst & Whinney

Saint Paul, Minnesota
February 21, 1984

Stockholders' Information**Stock Prices and Dividends**

Quarter	Sales Price of Common Shares		Dividends Per Share		
	1983	1982	1983	1982	
1st	High	\$51 1/2	\$32	\$0.20	\$0.20
	Low	41	22 1/4		
2nd	High	55 1/2	31 3/4	\$0.20	\$0.20
	Low	42 1/2	24		
3rd	High	51 5/8	34	\$0.20	\$0.20
	Low	36	23 7/8		
4th	High	49 3/8	50 3/4	\$0.20	\$0.20
	Low	36 1/4	29		

Stock Listed

Common Stock listed on New York Exchange, Pacific Coast Stock Exchange and Midwest Stock Exchange. There were 7,172 stockholders of record as of March 9, 1984.

Notice to Stockholders

Any person who either owns, as of December 31 of the year preceding issuance of this annual report, or subsequently acquires, beneficially or as trustee, more than 5 per centum, in the aggregate, of any class of the capital stock or capital of the air carrier, shall file with the Civil Aeronautics Board (CAB) a report containing the information required by Section 245.12 of the CAB's Economic Regulations on or before April 1, as to capital stock or capital owned as of December 31 of the preceding year, and, in the case of stock subsequently acquired, a report under Section 245.13 of such Economic Regulations, within 10 days after such acquisition, unless such person has otherwise filed with the CAB a report covering such acquisition or ownership.

A bank or broker which holds, as trustee, more than 5 per centum of any class of the capital stock or capital of an air carrier to the extent that it holds such shares on the last day of any quarter of a calendar year, shall file with the CAB, within 30 days after the end of the quarter, a report in accordance with the provisions of Section 245.14 of the CAB's Economic Regulations. Any person required to report under the CAB's regulations who grants a security interest in more than 5 per centum of any class of the capital stock or capital of the air carrier shall, within 30 days after granting such security interest, file with the CAB a report containing the information required in Section 245.15 of the CAB's Economic Regulations.

Any stockholder who believes that 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.

Co-Registrars and Transfer Agents

Norwest Bank Minneapolis, N.A., Minneapolis, MN;
Norwest Trust Company, New York, NY.

Notice of Annual Meeting

The 1984 annual shareholders' meeting will be held at Northwest Airlines General Offices, Minneapolis/St. Paul International Airport, St. Paul, Minnesota, on Monday, May 21, 1984 at 9:30 A.M.

Years Ended December 31	1983	1982†	1981
Operating Revenues			
Passenger	\$ 1,812,227	\$ 1,567,986	\$ 1,521,856
Freight	289,170	205,018	221,691
Mail	55,585	60,451	59,786
Charter and other transportation	36,198	34,758	21,766
Nontransport	2,856	9,355	29,191
TOTAL OPERATING REVENUES	\$ 2,196,036	\$ 1,877,568	\$ 1,854,290
Operating Expenses			
Depreciation and amortization	\$ 146,908	\$ 136,651	\$ 133,489
Other	1,980,242	1,749,292	1,719,054
TOTAL OPERATING EXPENSES	\$ 2,127,150	\$ 1,885,943	\$ 1,852,543
Operating income (loss)	\$ 68,886	\$ (8,375)	\$ 1,747
Interest expense	(3,548)	(7,216)	(14,135)
Other income and (deductions)-net	8,265	16,279	20,297
Earnings (loss) before taxes	\$ 73,603	\$ 688	\$ 7,909
Income taxes (credit)	23,530	(4,331)	(2,551)
Net Earnings'	\$ 50,073	\$ 5,019	\$ 10,460
Earnings per average share'	\$ 2.19	\$.23	\$.48
Cash dividends	17,367	17,332	17,326
Dividends per share	.80	.80	.80
Stockholders' equity	854,189	820,605	832,510
Number of shares outstanding at end of year	21,715,995	21,678,458	21,661,367
Book value per share at end of year	\$ 39.33	\$ 37.85	\$ 38.43
Assets and Long-Term Debt			
Flight property at cost	\$ 2,080,299	\$ 1,996,925	\$ 1,992,015
Flight property at net book value	976,501	1,019,071	1,110,965
Total assets	1,602,236	1,377,387	1,492,381
Long-term debt	100,000	—	12,500
Unit Expenses			
Per available ton-mile	40.5¢	40.7¢	41.0¢
Per Revenue ton-mile	76.0¢	80.3¢	83.9¢
Per cent of operating revenues	96.9%	100.4%	99.9%
Statistics-Scheduled Services			
Revenue plane-miles (000)	133,699	119,189	120,139
Available seat-miles (000)	29,511,287	26,257,466	24,813,981
Revenue passenger-miles (000)	17,711,929	15,675,194	14,251,932
Passenger load factor	60.0%	59.7%	57.4%
Revenue passengers carried	12,718,468	11,356,165	11,144,785
Freight ton-miles (000)	835,197	600,198	616,285
Total revenue ton-miles (000)	2,750,946	2,307,475	2,186,815
Statistics-Total Operations			
Revenue plane-miles (000)	134,870	120,378	120,761
Available ton-miles (000)	5,255,086	4,635,415	4,519,768

*Not covered by Accountants' Report.

†Strikes adversely affected 1978 and 1982.

'See Financial Highlights pages 16 through 19 for Management's Discussion of the Summary of Operations.

	1980	1979	1978†	1977	1976	1975	1974
\$ 1,347,830	\$ 1,067,214	\$ 557,401	\$ 861,053	\$ 786,414	\$ 659,849	\$ 628,488	
190,837	160,716	87,077	121,185	119,882	88,308	76,157	
57,305	38,685	18,944	29,894	25,137	23,280	22,911	
16,303	15,093	10,997	25,871	25,955	29,019	27,322	
27,055	28,850	115,743	8,352	6,420	107	4,113	
\$ 1,639,330	\$ 1,310,558	\$ 790,162	\$ 1,046,355	\$ 963,808	\$ 800,563	\$ 758,991	
\$ 124,078	\$ 106,401	\$ 104,970	\$ 103,152	\$ 102,713	\$ 98,880	\$ 96,213	
1,539,386	1,148,805	617,907	838,619	758,147	651,983	584,993	
\$ 1,663,464	\$ 1,255,206	\$ 722,877	\$ 941,771	\$ 860,860	\$ 750,863	\$ 681,206	
\$ (24,134)	\$ 55,352	\$ 67,285	\$ 104,584	\$ 102,948	\$ 49,700	\$ 77,785	
(15,831)	(1,635)	(3,376)	(6,518)	(14,035)	(16,120)	(19,554)	
3,862	30,643	45,126	55,078	9,351	13,509	40,148	
\$ (36,103)	\$ 84,360	\$ 109,035	\$ 153,144	\$ 98,264	\$ 47,089	\$ 98,379	
(43,187)	11,885	47,194	60,425	46,527	3,693	33,631	
\$ 7,084	\$ 72,475	\$ 61,841	\$ 92,719	\$ 51,737	\$ 43,396	\$ 64,748	
\$.33	\$ 3.35	\$ 2.86	\$ 4.29	\$ 2.39	\$ 2.01	\$ 3.00	
17,317	17,306	16,210	10,804	9,707	9,710	9,722	
.80	.80	.75	.50	.45	.45	.45	
839,042	849,122	793,691	747,672	665,744	623,677	589,991	
21,647,280	21,639,589	21,626,284	21,606,686	21,606,036	21,604,136	21,604,136	
\$ 38.76	\$ 39.24	\$ 36.70	\$ 34.60	\$ 30.81	\$ 28.87	\$ 27.31	
\$ 1,995,168	\$ 1,779,770	\$ 1,525,442	\$ 1,510,447	\$ 1,448,402	\$ 1,420,670	\$ 1,282,556	
1,200,495	1,094,556	922,615	962,957	924,537	977,062	907,935	
1,532,539	1,528,921	1,392,865	1,299,451	1,151,562	1,215,146	1,121,153	
62,500	100,000	100,000	100,000	122,000	246,000	213,900	
37.0¢	29.4¢	27.9¢	22.9¢	21.6¢	20.6¢	19.9¢	
80.6¢	63.4¢	65.7¢	54.4¢	50.5¢	50.2¢	48.2¢	
101.5%	95.8%	91.5%	90.0%	89.3%	93.8%	89.8%	
120,709	116,105	66,420	111,271	108,474	104,104	105,295	
24,904,355	24,028,928	14,302,037	22,968,489	22,228,259	20,910,966	20,016,107	
13,810,889	13,298,161	7,018,305	11,100,412	10,758,683	9,471,282	9,173,875	
55.5%	55.3%	49.1%	48.3%	48.4%	45.3%	45.8%	
11,501,148	11,636,170	6,574,901	10,354,808	9,818,343	8,865,263	8,948,373	
529,434	504,753	302,153	458,143	467,399	386,309	317,437	
2,048,349	1,956,217	1,079,681	1,676,470	1,647,317	1,428,381	1,330,803	
121,243	117,027	67,471	114,643	112,279	107,721	110,519	
4,495,666	4,265,640	2,594,632	4,109,110	3,982,743	3,642,650	3,431,038	

(As of March 15, 1984)

Directors

M. Joseph Lapensky
Chairman of the Board and Chief Executive Officer
Northwest Airlines, Inc.
St. Paul, Minnesota

James A. Abbott
Senior Vice President and General Counsel
Northwest Airlines, Inc.
St. Paul, Minnesota

James H. Binger*
Former Chairman of the Executive Committee
Honeywell, Inc.
Minneapolis, Minnesota
Manufacturer of automation systems

E. W. Blanch, Jr.*
President & Chief Executive Officer
E.W. Blanch Company
Minneapolis, Minnesota
Re-insurance brokerage

Robert A. Charpie*
President
Cabot Corporation
Boston, Massachusetts
Production of oil and gas products

Raymond H. Herzog*
Former Chairman of the Board
3M Company
St. Paul, Minnesota
Multinational manufacturing

Melvin R. Laird*
Senior Counselor
Reader's Digest Association
Washington, D.C.
Magazine publishing

James N. Land, Jr.*
Financial Consultant
New York, New York

Donald G. McNeely*
Chairman of the Board
Space Center, Inc.
St. Paul, Minnesota
Logistics

Donald W. Nyrop*
President and Chief Executive Officer, 1954-1976;
Chairman and Chief Executive Officer, 1976-1978
Northwest Airlines, Inc.
St. Paul, Minnesota

Steven G. Rothmeier
President and Chief Operating Officer
Northwest Airlines, Inc.
St. Paul, Minnesota

*Member, Audit Committee

Officers

M. J. Lapensky
Chairman of the Board and Chief Executive Officer

Steven G. Rothmeier
President and Chief Operating Officer

James A. Abbott
Senior Vice President and General Counsel

Bjarnie R. Anderson
Vice President-Washington

Brent J. Baskfield
Vice President-In-Flight Services

J. W. Champion
Vice President-Regulatory Proceedings

Terry M. Erskine
Vice President-Industrial Relations

Bruce H. Fillips
Vice President-Comptroller

Phillip R. Gossard
Vice President-Ground Services

Benjamin G. Griggs, Jr.
Executive Vice President-Operations

John F. Horn
Vice President-Orient Region

Thomas J. Koors
Executive Vice President-Marketing and Sales

William A. Kutzke
Vice President-Airline Planning

Benjamin H. Lightfoot
Vice President-Maintenance and Engineering

Thomas E. McGinnity
Vice President-Purchasing and Stores

Bryan G. Moon
Vice President-Advertising

Walter H. Pemberton
Vice President-Communications and Computer Services

James F. Redeske
Vice President-Personnel Administration

R. James Thorne
Vice President-Properties

Steven D. Wheeler
Corporate Secretary

In the past year two long-time veterans of Northwest Airlines have retired, **Robert J. Glichinski**, Vice President-Communications and Computer Services, retired after 43 years of dedicated service as did **Robert W. Campbell**, Vice President-Budgets after 39 years of outstanding service for Northwest Airlines.



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