



**NORTHWEST AIRLINES INC**  
**ANNUAL REPORT 1963**



NORTHWEST AIRLINES INC.

1963

1962

Total Operating Revenues . . . . .	\$168,788,040	\$150,453,420
Operating Income . . . . .	\$ 25,915,517	\$ 19,206,051
Net Earnings for the Year . . . . .	\$ 10,452,957	\$ 7,230,392
Per Common Share . . . . .	\$5.73	\$3.97*
Stockholders' Equity . . . . .	\$ 68,435,947	\$ 59,711,883
Per Common Share . . . . .	\$37.51	\$32.79*
Dividends Paid . . . . .	\$ 1,822,656	\$ 1,701,743
Operating Expenses—		
Per Available Ton-Mile . . . . .	21.7¢	23.9¢
Per Revenue Ton-Mile . . . . .	46.8¢	50.2¢
Revenue Traffic—		
Passengers Carried . . . . .	2,911,914	2,437,342
Passenger-Miles Flown . . . . .	2,179,208,000	1,904,112,000
Ton-Miles, Mail, Freight and Express . . . . .	73,082,000	68,814,000
Employees at Year End . . . . .	6,090	5,788
Common Shares at Year End . . . . .	1,824,452	1,820,781*

\*Based on equivalent shares to reflect February 1963 conversion of preferred stock.

## 1963 IN REVIEW

## THE PRESIDENT'S LETTER

### TO OUR STOCKHOLDERS:

We are pleased to report the completion of another successful year of operation. For the first time in Northwest Airlines' history the year's net profit exceeded \$10,000,000, earned on record revenues of nearly \$169,000,000.

Your Company improved its service to the public in many ways during 1963—by offering increased schedules on key routes with our expanding fleet; by providing new and enlarged terminal facilities to accommodate our customers; and by continued emphasis on a high standard of courteous personal service to passengers and shippers alike. These efforts have been rewarded with increased traffic and revenues.

Operating expenses required only 84.6¢ of each revenue dollar in 1963, compared with 87.2¢ in 1962. Unit cost of capacity offered declined from 23.9¢ per available ton-mile in 1962 to 21.7¢ in the year just ended. Our break-even passenger load factor to cover operating costs and interest declined to a new low of 41.6 per cent.

Two important flight equipment changes took place in 1963. We received delivery of five Boeing intercontinental 320B fan-jet aircraft and, at year-end, had on order for delivery in the first half of 1964 three long-range 320C aircraft and one additional 720B fan-jet. During 1963 we sold our remaining four DC-8 aircraft, with the result that we now have a standard fleet of fan-jets for greater operating efficiency and economy. We have continued our program for orderly disposal of piston aircraft.

Significant accomplishments have been made in the area of labor relations. After settlements concluded during 1963 and early this year we now have closed agreements with 17 of our 18 labor groups, and the only contract which remains open is currently in mediation. Major agreements extend to dates ranging from September 1965 to August 1966. Your Company is fortunate to have a well-trained staff of experienced people representing 57,000 years of service averaging more than nine years per employee.

The favorable results achieved by Northwest Airlines in 1963 are due in no small part to the fine spirit of interest and cooperation displayed by our stockholders. I greatly appreciate your valuable support and assistance, so essential to continued success.

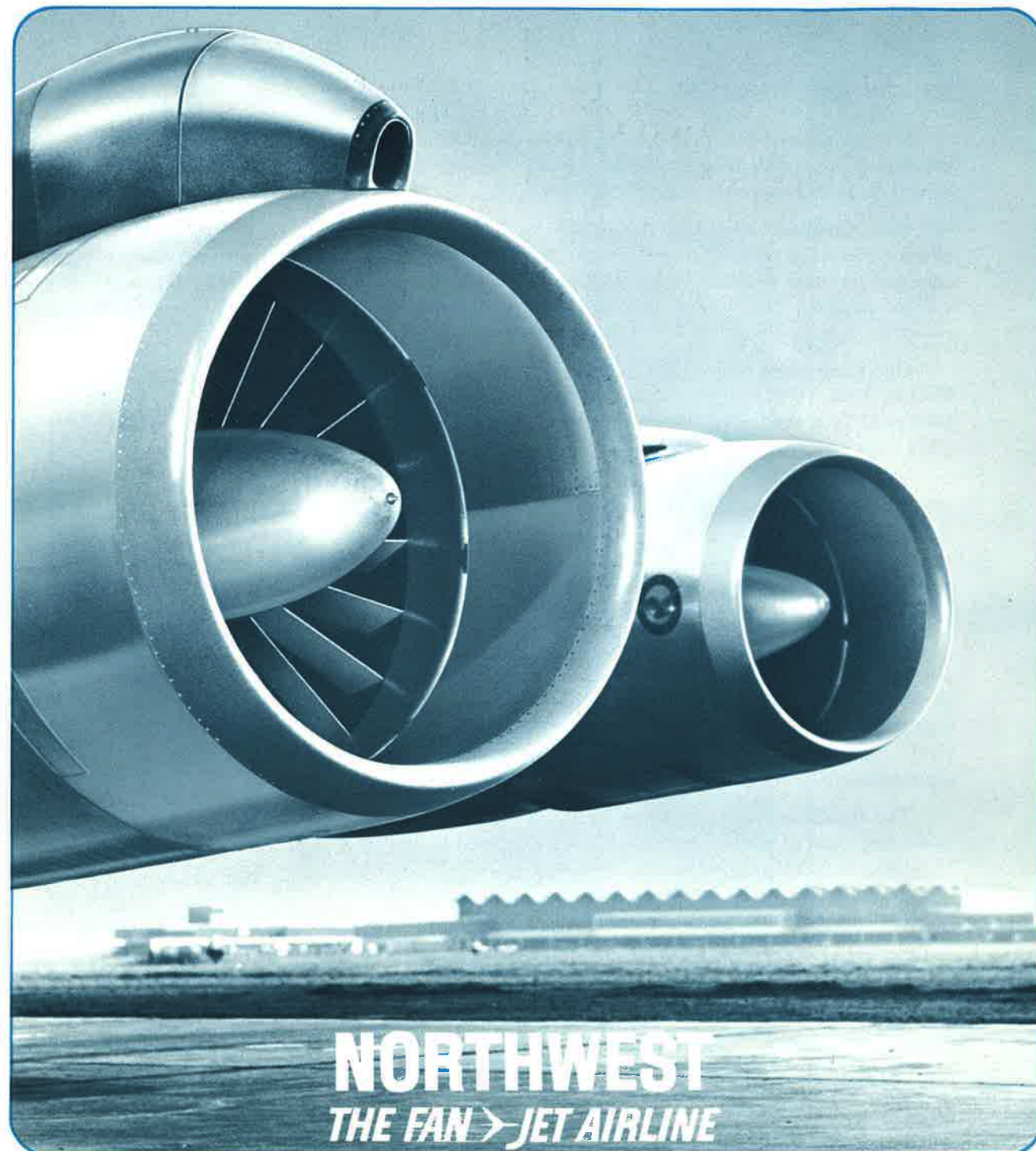
Sincerely,

*Donald H. Nyrop*  
President

March, 1964



# 37TH ANNUAL REPORT TO STOCKHOLDERS



## FINANCIAL RESULTS

Continued growth of operating revenues and further improvement in net earnings marked 1963 as another year of sound financial progress for your Company. Northwest Airlines now has recorded net profits in each of 15 consecutive years.

Northwest had revenues of \$168,788,040 and operating expenses of \$142,872,523, which resulted in net operating income of \$25,915,517. This operating net income is equal to 15.4% of gross revenue. Nonoperating charges in 1963 included interest expense of \$3,876,789 and a loss before taxes of \$307,732 on disposals of property. In 1962 the nonoperating charge for interest expense was \$5,040,266 and there was a profit before taxes of \$346,352 from disposals of property.

Net earnings after taxes for 1963 were \$10,452,957, an increase of \$3,222,565 over the net earnings of \$7,230,392 in 1962. The Company is amortizing over an eight-year period the net income tax credit allowable under the investment credit provisions of the Revenue Act of 1962. Such credits were included in net earnings and amounted to \$106,400 in 1963 and \$18,000 in 1962.

Operations in 1963 generated a total cash flow of \$34,170,756 from net earnings plus depreciation and deferred income taxes. An additional amount of \$21,738,798 was realized from the value of flight equipment sold. The major application of funds during the year consisted of additions to fleet and deposits on aircraft for delivery in 1964, which together totaled \$44,731,204. Other applications included debt reduction and payment of dividends. (See next page.)

### Stockholder Earnings and Net Worth

As a result of conversion of the Cumulative Preferred Stock early in 1963, the entire stockholder equity in Northwest Airlines is reflected in the net worth of Common Stock. Net earnings of \$5.73 per common share were realized in 1963. This compares with \$3.97 per share earned in 1962 (on the basis of shares adjusted to reflect the subsequent conversion of preferred).

Quarterly cash dividends of 25 cents per share—or \$1.00 per year—were paid on Common Stock during 1963. An unbroken record of consecutive quarterly cash dividends now has been maintained for a period of nine years.

Total net worth, or stockholders' equity, in-

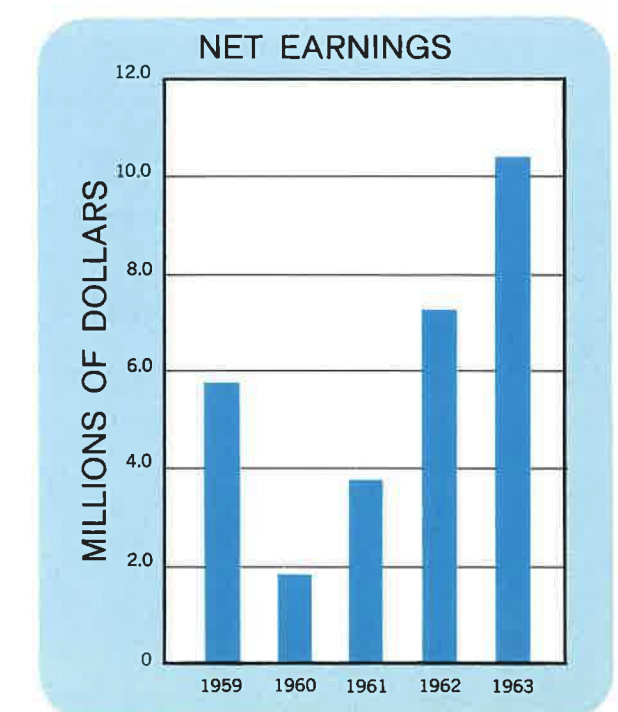
creased from \$59,711,883 to \$68,435,947 during the year ended December 31, 1963. This was a net gain of \$8,724,064 resulting principally from profit for the year less dividends paid. Book value of each share of Common Stock was \$37.51 at December 31, 1963, marking an increase of \$4.72 per share over the comparable book value of \$32.79 one year earlier.

### Financial Position

Long-term borrowing arrangements remained essentially unchanged during 1963 and outstanding debt at the close of 1963 amounted to \$72,735,360 of which \$7,739,845 is shown in current liabilities as maturing in 1964.

Payments on debt in 1963 included interim repayment of \$10,500,000 on bank loans under the revolving feature of that agreement and \$2,786,013 paid on the Conditional Contracts of Sale for Lockheed Electras. More than 60 per cent of the latter debt now has been repaid.

At year-end your Company had on order, for delivery in 1964, one Boeing 720B and three Boeing 320C fan-jet aircraft at a total cost of \$28,185,000. Of this amount \$8,700,000 was on deposit with manufacturers with the balance available from our existing credit line and from internal cash generation.





# 1963 OPERATIONS

Total transport revenues reached a new high of \$169,642,000 in 1963, showing an increase of 12.7 per cent over the total of \$150,484,000 for 1962. "Milestones" were passed in two traffic categories: Revenue ton-miles in all services exceeded the 300 million mark; revenue passenger-miles on scheduled routes exceeded two billion.

## Passenger Traffic and Revenues

In 1963 Northwest Airlines carried 2,912,000 passengers (one-half million more than in 1962) for a total of 2,179,000,000 passenger-miles. The latter measure showed a 14.4 per cent increase over 1962. Gains generally were consistent throughout the system with domestic and international passenger-miles up 12.8 and 19.5 per cent, respectively. Additional service with our expanding jet fleet brought improvement in the competitive standing of the Company in many areas. For example, there were substantial gains in the Florida markets, which have been developed to a level which provides an important seasonal balancing effect in our year-round traffic.

Total passenger revenues of \$135,222,000 were 11 per cent more than in 1962, a smaller percentage increase than the traffic gain. This relationship was the result of a reduction in the system average net fare per passenger-mile from 6.40 cents in 1962 to 6.21 cents in 1963. Lower yields were caused for the most part by a number of new promotional fares introduced by several of the other airlines primarily for competitive reasons. Some of these new fares, including the military standby rates, appear to

have had a favorable net effect on over-all revenues. Others appear to have done little more than create dilution of yield. The Civil Aeronautics Board presently is conducting an investigation of some of these promotional fares.

## Cargo and Charter Traffic

Increased cargo capacity made available during the last half of the year in your Company's new 320 series fan-jet fleet contributed to large increases in cargo traffic during 1963. System freight and express ton-miles were up 12.0 per cent, including a major gain of 22.1 per cent on the international portion of our routes. Mail tonnage held relatively steady in 1963. Over-all revenues from nonpassenger traffic totaled \$27,978,000 or 7.4 per cent above 1962 revenues.

In July, 1963, Northwest Airlines commenced greatly increased charter operations for the military establishment, utilizing jet aircraft in services to Alaska and the Orient and DC-7C/F piston aircraft in a mid-Pacific island schedule. Approximately \$9,300,000 in charter revenue will be obtained from this operation in the fiscal year ending June 30, 1964. Efforts will be made to secure renewal of these contracts for fiscal 1965.

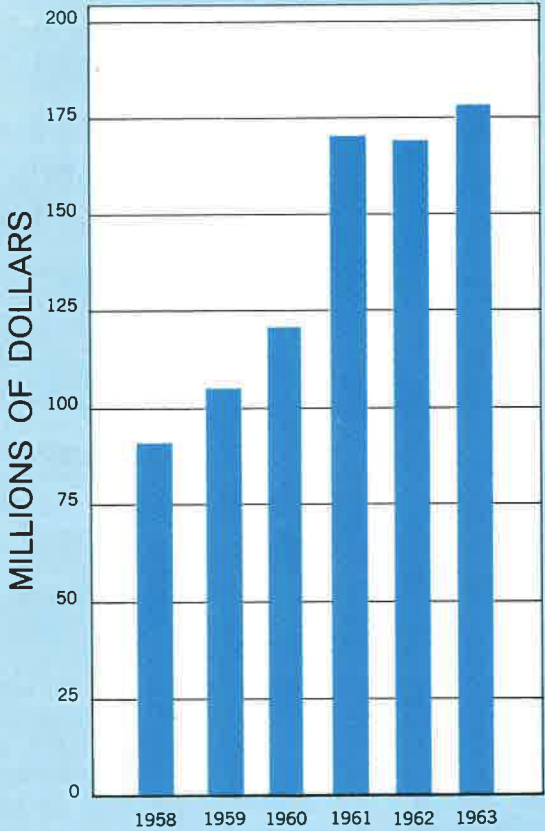
## Operating Costs

Total operating expenses were \$142,873,000 in 1963, or \$11,625,000 more than in 1962. Employees' wage rates and the cost of services and supplies increased during the year. Expanded service to the public, reflected in a 16.4 per cent increase in available seat-miles, also required larger expense outlays. With all of these factors combined, our total operating costs increased by 8.9 per cent. However, unit costs declined to a new low. Operating expense per available ton-mile (capacity offered) was 21.7 cents in 1963 compared with 23.9 cents in 1962. Cost per revenue ton-mile (traffic carried) was 46.8 cents in 1963, reduced from 50.2 cents in 1962.

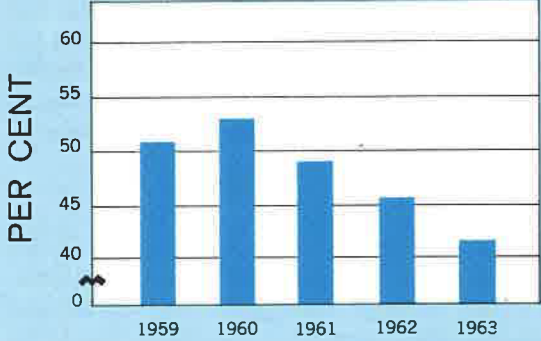
The passenger break-even load factor required to cover operating expenses and interest costs also declined in 1963 to 41.6 per cent. With an actual passenger load factor of 50.6 per cent in 1963, Northwest Airlines enjoyed a margin of 9.0 load factor percentage points above the break-even requirement.

Along with our efforts to produce and sell the highest quality of service possible, we are pledged to continue our careful scrutiny of costs and to operate with maximum economy in all phases of our operation.

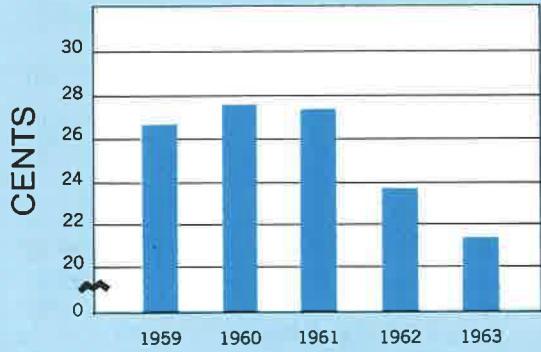
## FLIGHT EQUIPMENT AT COST



## BREAK EVEN PASSENGER LOAD FACTOR



## EXPENSE PER AVAILABLE TON MILE



## Source and Application of Funds for 1963

Working Capital at January 1, 1963 .....	\$ 8,049,066
Source of Funds:	
Net Earnings .....	\$10,452,957
Depreciation and Amortization .....	19,158,899
Deferred Taxes .....	4,558,900
Total from Operations .....	\$34,170,756
Disposals of Operating Property .....	21,738,798
Other Sources .....	310,932
Total Funds Available .....	56,220,486
	\$64,269,552
Application of Funds:	
Additions to Operating Property .....	\$36,031,451
Advance Deposits on Aircraft .....	8,699,753
Reduction of Long-Term Debt .....	9,972,013
Cash Dividends .....	1,822,656
Other Applications .....	1,517,136
	58,043,009
Working Capital at December 31, 1963 .....	\$ 6,226,543





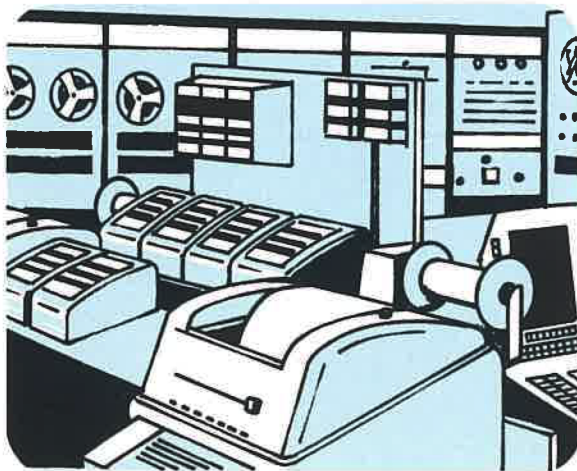
FLEET

Northwest Airlines during 1963 took delivery of five intercontinental-range Boeing fan-jet 707-320B airliners. These aircraft, put into service on routes to Alaska and the Orient, enabled your Company to provide an all-jet pattern of service in the Pacific.

Another important development in Northwest's fleet which took place in 1963 was the sale of the airline's remaining four DC-8 turbojet aircraft to another carrier. Three were delivered during the year, with the fourth—retained for use in trans-Pacific contract operations for the Military Air Transport Service—to be delivered next June 30.

Sale of the DC-8 fleet was important in two ways: (1) It enabled Northwest to standardize on Boeing equipment, with resulting economies in spare parts inventories and maintenance facilities. (2) The DC-8 sale made it possible for Northwest to provide fan-jet aircraft on all of its commercial jet services, using Boeing 320B and 720B aircraft. During 1963 and early 1964, Northwest also sold and delivered three piston-engined DC-6B transports. Proceeds from sale of these aircraft have been utilized in our equipment program.

Altogether, with the 720B's obtained in prior years, the five 320B's delivered in 1963 and an additional 720B delivered early in 1964, Northwest at present operates a total of 19 fan-jet aircraft, in addition to the one DC-8 turbojet on military flights. Your Company also operates a fleet of 16 fast, jet-prop Electra II aircraft, 6 DC-7C's and 8 DC-6B's, two of which have been sold and will be delivered to the purchaser in May and June, 1964.



In April, May and June, 1964, Northwest will take delivery of three additional intercontinental Boeing fan-jets. These aircraft, 320C convertible cargo-passenger aircraft, will be used to increase both passenger and cargo lift across the Pacific.

Looking even farther into the future, Northwest during 1963 deposited \$400,000 with the Federal Government to reserve delivery positions on four supersonic transports for the early 1970's.



FACILITIES

The year 1963 saw a continuation, on the part of Northwest Airlines and the managements of the airports it serves, of the years-long program of improving ground facilities in the interests of customer convenience and more efficient operations.

We occupied new terminal structures at Winnipeg and Tokyo in 1963. In early 1964, new terminals were opened at Taipei and Grand Forks. Spokane began construction of a new terminal during 1963 and Bismarck is scheduled to undertake similar work in spring, 1964.

Complete restaurant facilities were opened in Northwest's new unit terminal at John F. Kennedy International Airport, New York.

Top Flight Loaders—enabling jet passengers to walk directly from terminal concourse levels into airliner cabins without exposure to the weather or climbing stairs—proved to be so popular at Seattle-Tacoma, Minneapolis-St. Paul, Chicago, New York and Miami in 1963 that their installation at Detroit and Portland has been programmed for 1964.

A new city ticket office was designed and occupied at Cleveland.

In the past five years we have occupied our new Main Base at Minneapolis-St. Paul and new or substantially improved terminal facilities at most of our major stations.

PERSONNEL

Northwest Airlines' highly experienced and efficient work force has utilized an excellent fleet of aircraft and ground facilities of matching caliber to continue the airline's high standards of efficient and convenient service to the public.

The airline's system-wide force of 6,090 employees—a net increase of 302 persons—represents in the aggregate more than 57,000 years of experience with the Company, providing the foundation for the service and airmanship that contributed to the success of your Company in 1963. The average length of service for our employees is more than nine years.

Further contributing to the stability of your Company's work force, collective bargaining agreements were reached during the year with 11 classes or crafts of employees providing for reasonable rules, working conditions and rates of pay. Major agreements were signed for three-year terms.

Early in 1964, agreement was also reached with the pilot group on a new, 43-month contract which will run until September 1, 1965.

Northwest during 1963 took a major step toward insuring for future years a ready pool

of qualified and experienced personnel for management positions by the introduction of a formal management selection and development program. Included as one of its features is the recruitment of promising college graduates from campuses across the nation. Young men who have completed their initial training under this program have been assigned to positions in the Sales, Maintenance & Engineering and Finance Departments where they will continue to develop their management capabilities.

This new plan for personnel development is in addition to our long-established training program under which all employees are instructed in the latest techniques to insure continued safe and efficient operation of the airline.

EMPLOYEES BY LENGTH OF SERVICE

25 years or more.....	92
20 to 25 years.....	556
15 to 20 years.....	883
10 to 15 years.....	1,121
5 to 10 years.....	867
1 to 5 years.....	1,880
Less than 1 year.....	691
Total .....	6,090

Ten Years of Revenue and Traffic Growth

Year	Total Operating Revenues	Traffic—Scheduled Services		
		Passenger Miles	Ton-Miles	
			Freight and Express	Mail
1963	\$168,788,040	2,179,208,000	39,417,000	33,665,000
1962	150,453,420	1,904,112,000	35,179,000	33,635,000
1961	111,052,512	1,361,790,000	23,035,000	26,955,000
1960	123,361,479	1,653,966,000	32,480,000	24,424,000
1959	126,029,501	1,738,138,000	31,377,000	24,436,000
1958	101,957,172	1,408,743,000	22,285,000	21,892,000
1957	83,432,404	1,205,765,000	19,714,000	17,803,000
1956	76,479,526	1,094,121,000	18,825,000	16,780,000
1955	71,088,043	1,017,400,000	16,341,000	15,407,000
1954	62,138,312	909,675,000	12,970,000	6,990,000





## CUSTOMER SERVICES

Expansion of Northwest Airlines' jet capabilities in 1963 provided a number of significant schedule improvements better to serve the increasing volume of passengers and shippers responding to the advantages of air transportation.

In response to the growing service needs of our domestic routes, we added jet and jet-prop frequencies in a number of markets. In the Detroit-New York market, for example, we increased daily flights by 60 per cent and capacity from 687 seats a day in January, 1963, to 1,306 seats daily in January, 1964, schedules. In order to increase service in our Florida markets, we provided a total of 16 one-way flights a day between Chicago and Florida points during the height of the current winter season.

In May, 1963, by scheduling an eighth trans-Pacific jet frequency each week and assigning 720B fan-jets to interport flights beyond Tokyo, we achieved an all-jet pattern of Orient services. Delivery of longer-range 707-320B aircraft enabled the Company to inaugurate in November the first regular nonstop service in both directions between the West Coast of the United States and Tokyo.

The new 707-320C fan-jets which Northwest will acquire during the spring of 1964 will permit an increase in trans-Pacific schedules to 12 round trips weekly between the United States and the Orient to fulfill the need for passenger and cargo lift across the Pacific. At least seven of these round trips each week will be on the nonstop routing between Seattle-Tacoma and Tokyo, with the remainder operating nonstop between Tokyo and Anchorage.

The new 320C's—with a large-door forward cargo area—will be operated in a basic configuration providing more than 30,000 pounds of cargo capacity and 96 passenger seats in an all-economy configuration. Main deck cargo will be carried on preloaded pallets. This arrangement may be varied by relocating the bulkhead separating passengers from cargo, to provide for capacity ranging from 165 passengers to an all-cargo load of 90,000 pounds.

Northwest also increased its fan-jet service to Hawaii, and in the present winter vacation season is operating eight round trips a week in the market—seven of which are through-plane flights between New York and Honolulu, via Chicago and the Pacific Northwest cities of Seattle-Tacoma and Portland.

Northwest's in-flight operation, as well as

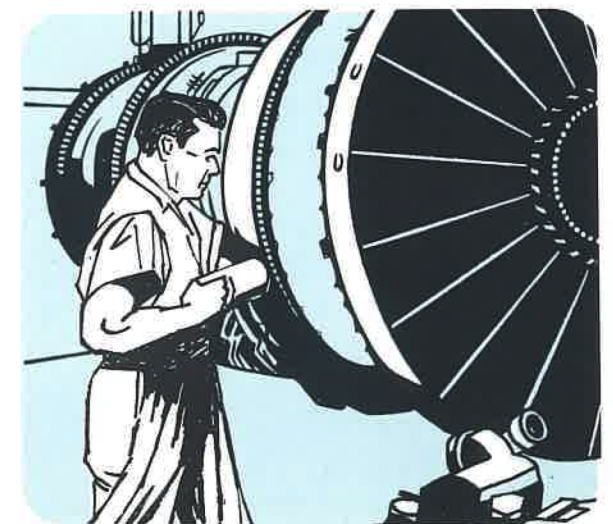
ground handling of both passengers and cargo, were praised repeatedly through the year by customers appreciative of the continued high standards of your Company's public service.

## MAINTENANCE

Northwest Airlines' highly skilled maintenance personnel, working with dependable jet equipment, have compiled an enviable record of performance. For example, in the three months bracketing the end of 1963, Northwest's turbine-engine reliability was among the best in the industry.

The Northwest Airlines continuous overhaul maintenance program, which in prior years proved to be so successful on pure jet aircraft, was extended to the Electra fleet in 1963. This program provides for more efficient maintenance of aircraft by combining with routine check maintenance, performed every 260 flight hours, a portion of the major overhaul program formerly accomplished by removal of the aircraft from service for an extended period. The additional flying time made available by this method serves to increase revenue utilization of aircraft.

The JT3D-1 fan engines which power our 720B airliners have undergone modification in our Main Base shops to JT3D-3 configuration to increase their thrust to 18,000 pounds from the original 17,000 pounds at which they were rated when this type of aircraft was delivered to Northwest. In addition, this modification has enabled us to use these engines interchangeably on 707-320-type aircraft as well as on the 720B, thus taking further advantage of our standardization on Boeing equipment.





# NORTHWEST AIRLINES, INC.





SALES ACTIVITIES

Aggressive and imaginative sales work and advertising contributed materially to the financial success of Northwest Airlines during 1963. Gross revenues for the year exceeded the company forecast.

Several new techniques of selling were added during the year. One of these was the travel agent seminar program. Teams of experts representing Northwest and prime vacation destinations visited major cities across the nation. Travel agents in the cities attended seminars at which the experts presented information in depth on the area being covered, as well as on Northwest's schedules to and from the area. Travel to Alaska was the subject of the spring seminar program and the Orient was covered in the fall. The program will be continued.

Special promotional programs were held in major Midwest and Florida cities, in advance of the winter vacation season, to advise travel agents and other customers of our attractive schedule of flights in the Florida market.

Advertising during the year was related closely to the over-all sales effort. The Florida campaign—featured by an upside-down map of the United States so as to show a jet literally heading “northwest” to the Sunshine State—particularly attracted widespread attention.

Two major events on Northwest's routes in 1964—the New York World's Fair and the Olympic Games in Tokyo—will receive special attention in our sales efforts this year. Promotional work for both attractions got under way in mid-1963. Objective of sales, advertising and public relations activities is to build an identity for Northwest in connection with both events.

Northwest was granted official status as a World's Fair ticket and information center and the airline contracted to sponsor an exhibit in the Transportation & Travel Pavilion at the fair. Northwest already has a large number of tour groups booked to the Olympic Games.

Heavy emphasis continued on the sale of group tours, to Hawaii, Alaska, the Orient and various domestic destinations. This program—including the sale of tours through radio stations and other public media—contributed materially to the growth of Northwest's passenger revenues.

In its freight program, Northwest emphasized the sale of volume cargo to and from the Orient through the New York and Chicago gateways, utilizing the additional lift provided by the big-door, 707-320B fan-jets. Throughout the system, sales effort has been pointed toward informing shippers of the advantages of consistent use of air freight as a regular rather than occasional method of distribution.



THIS NEW JET LANDS IN FLORIDA WHILE OTHER JETS WORK 2000 MILES AROUND IT

FLYING SOUTH TO FLORIDA? GO NORTHWEST!  
(Any way you look at it, Northwest is your best way to Florida)

YOUR NORTHWEST JET IS ALWAYS A FAN-JET!  
(We don't fly any other kind)

Now it's a FAN-JET WORLD!  
FLY NORTHWEST—THE FAN > JET AIRLINE

You're up to 2,000 miles closer to the Orient on Northwest

FIRST TIME IN HISTORY STOP TOKYO/SEATTLE  
TESTS NEW 320B FAN > JET

FLY NORTHWEST POLAR JETS  
Save 2,000 miles going to the Orient!

FLYING SOUTH TO FLORIDA? GO NORTHWEST!

NEW 320B FAN > JET

NORTHWEST ORIENT—THE FAN > JET AIRLINE

WEST

NORTHWEST 320B FAN > JET

シヤトルより  
東京まで1,600哩の短縮

NORTHWEST ORIENT AIRLINES  
THE FAN > JET AIRLINE



ROUTES

There were no significant changes in or additions to the routes of Northwest Airlines in 1963.

On November 8, 1963, the Civil Aeronautics Board, with the approval of the President of the United States, ordered the Transpacific Case terminated. No additional authority was awarded to any applicant in areas affecting Northwest in either the so-called "international" or "domestic" (California-Hawaii) phases of the case. One of the carrier applicants and certain civic bodies have petitioned for judicial review, limited, however, to the denial of new California-Hawaii authority. This matter still is pending before the Court.

In May, 1963, an Examiner of the Civil Aeronautics Board issued his initial decision in the United Air Lines Competitive Service Investigation, in which he found that Northwest should be granted authority to serve the Cleveland-Chicago, Cleveland-Philadelphia and Detroit-Philadelphia markets, but that another carrier should be authorized to serve the New York-Cleveland market in which Northwest also had sought authority. Thereafter, the Board ordered review of the Examiner's initial decision on all issues. In the review proceeding, Northwest vigorously pursued its application for the New York-Cleveland authority as well as rights in the other markets. Oral argument was heard in November, 1963, and the matter now is awaiting the Board's decision.

*Directors, officers and employees of Northwest Airlines were shocked and saddened by the death, on January 1, 1964, of Mr. William Stern, director of Northwest since August 29, 1938.*

*"Bill," as he was known to his many friends in all walks of life, was President of the Dakota National Bank of Fargo, North Dakota, and had an important part in many state and national affairs during his lifetime. His long time interest in the Company's affairs and his outstanding abilities were major contributors to the growth of the Company.*

As previously reported, the CAB instituted a proceeding for study of possible revision of the route structure between the Pacific Northwest and Alaska. Hearings were held before a CAB Examiner during the year in which Northwest vigorously opposed any restriction on its existing authority as being without valid basis. In addition, Northwest maintained that such restriction would not be necessary to solve the difficulties other carriers serving the area might be encountering. The matter is awaiting the Examiner's initial decision.

During the year the CAB disapproved a proposed merger between American Airlines and Eastern Air Lines which would have created a giant carrier controlling nearly 35 per cent of domestic trunkline business. This merger was opposed by Northwest as well as by most of the other trunkline carriers. In addition, Pan American World Airways and Trans World Airlines withdrew their application for approval of a proposed merger in light of developments subsequent to its submission.

In an initial decision in the Service to Spokane Case, served in September, 1963, an Examiner of the CAB proposed additional route authorities for two air carriers which compete with Northwest at that important city. The Examiner proposed that West Coast Airlines, a local service carrier, be granted nonstop rights in the Spokane-Seattle/Tacoma and Spokane-Portland markets, and that United Air Lines be given non-stop authority from Spokane to California and from Spokane to Salt Lake City and Denver—the latter permitting United to fly one-stop from Spokane to Chicago. Northwest Airlines and other parties petitioned the CAB for a discretionary review of the Examiner's decision; such a review was ordered and argument was presented before the Board in February, 1964.

There are several other proceedings pending before the Board in which Northwest is a participant, either as an applicant or in opposition to competitive authorizations. None of these has an importance comparable to the proceedings mentioned above.

In addition to the applications being heard in the United Competitive Service Investigation, Northwest has on file with the CAB a number of applications for new route authority which would strengthen its route structure, particularly its domestic system.

STATEMENT OF EARNINGS

NORTHWEST AIRLINES, INC. and SUBSIDIARY

	Year Ended December 31,	
	1963	1962
OPERATING REVENUES		
Transport:		
Passenger . . . . .	\$135,222,118	\$121,781,068
United States mail . . . . .	12,917,441	12,904,069
Foreign mail . . . . .	1,316,118	1,324,347
Excess baggage . . . . .	1,146,730	1,083,968
Freight and express . . . . .	12,597,528	10,744,241
Charter and other transportation . . . . .	6,441,700	2,646,207
	\$169,641,635	\$150,483,900
Nontransport:		
Mutual Aid Agreement—net—Note F . . . . .	( 11,753)	( 858,402)
Federal mail subsidy—Note E . . . . .	( 1,833,123)	—
Other . . . . .	991,281	827,922
	\$168,788,040	\$150,453,420
OPERATING EXPENSES		
Flying operations . . . . .	\$ 42,906,211	\$ 38,947,732
Maintenance . . . . .	26,203,309	23,243,505
Passenger service . . . . .	11,412,619	9,586,053
Aircraft and traffic servicing . . . . .	19,690,557	17,658,487
Reservations, sales and advertising . . . . .	16,985,125	15,687,673
Administrative and general . . . . .	6,515,803	7,678,729
Depreciation and amortization . . . . .	19,158,899	18,445,190
	\$142,872,523	\$131,247,369
	\$ 25,915,517	\$ 19,206,051
OTHER INCOME AND (DEDUCTIONS)		
Interest on long-term debt . . . . .	(\$ 3,876,789)	(\$ 5,040,266)
Disposals of property . . . . .	( 307,732)	346,352
Other income . . . . .	19,261	116,555
	(\$ 4,165,260)	(\$ 4,577,359)
EARNINGS BEFORE TAXES	\$ 21,750,257	\$ 14,628,692
TAXES ON EARNINGS (including deferred taxes \$4,336,900—1963; \$5,812,900—1962 arising principally from accelerated depreciation methods and investment credit)—Note G . . . . .	11,297,300	7,398,300
NET EARNINGS FOR THE YEAR	\$ 10,452,957	\$ 7,230,392

See notes to financial statements.

STATEMENT OF FINANCIAL POSITION

ASSETS	December 31,	
	1963	1962
CURRENT ASSETS		
Cash . . . . .	\$ 12,866,565	\$ 16,371,029
Notes receivable from sale of aircraft . . . . .	6,911,619	—
Trade receivables, less allowance of \$105,000 . . . . .	15,248,025	14,037,703
Flight equipment parts, at average cost, less allowance for depreciation (1963—\$2,765,206; 1962—\$2,529,171) . . . . .	6,100,076	6,475,526
Maintenance and operating supplies at average cost . . . . .	2,176,335	2,181,111
Prepaid expenses . . . . .	2,706,816	2,414,788
TOTAL CURRENT ASSETS	\$ 46,009,436	\$ 41,480,157
INVESTMENTS AND OTHER ASSETS at cost		
Related industry investments and other advances . . . . .	\$ 638,615	\$ 320,332
PROPERTY AND EQUIPMENT at cost		
Flight equipment . . . . .	\$176,654,741	\$169,413,299
Less allowances for depreciation and obsolescence . . . . .	49,580,630	46,433,719
	\$127,074,111	\$122,979,580
Advances on purchase contracts—Note D . . . . .	8,699,753	6,327,901
	\$135,773,864	\$129,307,481
Other property and equipment . . . . .	\$ 21,523,556	\$ 21,103,687
Less allowances for depreciation . . . . .	12,031,320	10,751,430
	\$ 9,492,236	\$ 10,352,257
	\$145,266,100	\$139,659,738
DEFERRED CHARGES		
Unamortized training and other costs in connection with aircraft fleets . . . . .	\$ 3,885,157	\$ 4,461,405
Rentals . . . . .	965,385	890,756
Other . . . . .	—	74,214
	\$ 4,850,542	\$ 5,426,375
	\$196,764,693	\$186,886,602

See notes to financial statements.

NORTHWEST AIRLINES, INC. and SUBSIDIARY

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31,	
	1963	1962
CURRENT LIABILITIES		
Trade accounts payable . . . . .	\$ 10,662,050	\$ 8,428,916
Collections as agent (taxes, payroll deductions, etc.) . . . . .	2,488,578	2,624,246
Accrued taxes (other than income taxes) . . . . .	1,316,345	2,048,746
Salaries, wages and vacations . . . . .	7,764,811	5,584,258
Air travel card deposits . . . . .	1,195,100	1,187,875
Unredeemed ticket liability . . . . .	1,865,862	1,038,843
Income taxes—estimated . . . . .	6,750,302	1,464,362
Current maturities of long-term debt . . . . .	7,739,845	11,053,845
TOTAL CURRENT LIABILITIES	\$ 39,782,893	\$ 33,431,091
LONG-TERM DEBT, less current maturities—Note A		
Notes payable to insurance companies . . . . .	\$ 40,000,000	\$ 40,000,000
Notes payable to banks . . . . .	19,000,000	21,000,000
Subordinated note payable . . . . .	2,314,000	7,500,000
Conditional sales contracts . . . . .	3,681,515	6,467,528
	\$ 64,995,515	\$ 74,967,528
DEFERRED CREDITS—Note G		
Income taxes—arising principally from accelerated depreciation methods . . . . .	\$ 20,707,800	\$ 17,450,100
Other . . . . .	2,842,538	1,326,000
	\$ 23,550,338	\$ 18,776,100
STOCKHOLDERS' EQUITY—Note B		
Cumulative Preferred Stock, \$25 par value, authorized 1,000,000 shares, outstanding none:		
Shares outstanding were called; 70 shares were redeemed and 449,545 shares were converted into 432,254 Common Shares . . . . .	\$ —	\$ 11,240,375
Common Stock, \$10 par value; authorized 4,500,000 shares; issued and outstanding 1963—1,824,452 shares; 1962—1,388,459 shares—Note C . . . . .	18,244,520	13,884,590
Capital surplus . . . . .	13,587,113	6,612,905
Retained earnings . . . . .	36,604,314	27,974,013
	\$ 68,435,947	\$ 59,711,883
COMMITMENTS AND CONTINGENT LIABILITIES—Note D		
	\$196,764,693	\$186,886,602

See notes to financial statements.



STATEMENTS OF CAPITAL SURPLUS  
AND RETAINED EARNINGS  
NORTHWEST AIRLINES, INC. and SUBSIDIARY

	Year Ended December 31,	
	1963	1962
CAPITAL SURPLUS		
Balance at beginning of year . . . . .	\$ 6,612,905	\$ 6,586,281
Additions arising from:		
Sale of shares of Common Stock under option agreements, in excess of par . . . . .	58,213	1,710
Redemption of shares of Preferred Stock and conversion into shares of Common Stock . . . . .	6,915,995	24,914
Balance at end of year . . . . .	\$ 13,587,113	\$ 6,612,905
RETAINED EARNINGS		
Balance at beginning of year . . . . .	\$ 27,974,013	\$ 22,445,364
Add net earnings for the year . . . . .	10,452,957	7,230,392
	\$ 38,426,970	\$ 29,675,756
Deduct cash dividends on:		
5¼% Preferred Stock—annual rate of \$1.31¼ a share . . . .	\$ —	\$ 592,187
Common Stock—\$1.00 a share (\$.80 for 1962) . . . . .	1,822,656	1,109,556
	\$ 1,822,656	\$ 1,701,743
Balance at end of year . . . . .	\$ 36,604,314	\$ 27,974,013

See notes to financial statements.

ACCOUNTANTS' REPORT

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

We have examined the statement of consolidated financial position of Northwest Airlines, Inc., and subsidiary as of December 31, 1963 and the related statements of consolidated earnings, capital surplus and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have made similar examinations for prior years.

In our opinion, the accompanying statements of financial position, earnings, capital surplus and retained earnings present fairly the consolidated financial position of Northwest Airlines, Inc., and subsidiary at December 31, 1963 and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Further, it is our opinion that the five year summary of earnings presents fairly the information stated therein.

Saint Paul, Minnesota  
February 12, 1964

*Ernst & Ernst*

Certified Public Accountants

NOTES TO FINANCIAL STATEMENTS  
NORTHWEST AIRLINES, INC. and SUBSIDIARY

December 31, 1963

Note A—Long-Term Debt

Under Note Purchase Agreements with twelve insurance companies the Company has borrowed \$40,000,000 at 6% payable \$3,000,000 annually beginning October 1, 1966 and \$4,000,000 on October 1, 1978. Certain optional prepayments at par are permitted. The Agreements contain other provisions with respect to redemption as a whole, but not from borrowed funds, at premiums ranging from 5% to 1%.

Under the Amendatory Credit Agreement with fifteen banks the Company has outstanding \$19,000,000. This Agreement provides for revolving credit of \$34,000,000 at December 31, 1963, reducing to \$31,875,000 on June 30, 1964, to \$27,625,000 on September 30, 1964 and to \$25,500,000 on December 31, 1964. On the latter date the loan, to the extent then outstanding, becomes a term loan at 5%, payable \$8,500,000 in each year 1965 through 1967. Optional prepayments are permitted at par, except that prepayments with funds borrowed from other banks are subject to a premium of ½%.

Subordinated note payable of \$7,500,000 was issued in connection with the purchase of six Boeing 720B turbojet aircraft and is subordinate to notes payable to insurance companies and to banks. This note bears interest at 6% and is payable \$1,500,000 annually 1968 through 1972. In addition, the note provides for prepayments (based on net earnings) to be applied to the reverse order of maturities. Payments totaling \$5,186,000, based on net earnings of 1963, will be required in 1964 if at the dates for payment they are permitted by provisions of agreements of superior indebtedness.

Conditional sales contracts for the purchase of seven Lockheed Electra prop-jet aircraft bear interest at 5% and are payable in monthly installments to June 10, 1966.

The aggregate repayment of long-term debt over the years 1964 through 1969 is \$7,740,000 in 1964, \$13,600,000 in 1965, \$12,400,000 in 1966, \$5,000,000 in 1967 and \$3,000,000 in 1968. The foregoing assumes that \$2,314,000 of the subordinated note payable will become payable in 1965.

Under provisions of long-term debt agreements the Company has agreed, among other things, that it will not permit its working capital at any time to be less than certain specified amounts and its funded debt to exceed certain percentages of net tangible assets, of net worth and of depreciated value of flight equipment, as those terms are defined in the agreements. At December 31, 1963 the Company had complied with the covenants then in effect.

Note B—Restrictions on Stockholders' Equity

The Note Purchase Agreements and the Amendatory Credit Agreement establish an aggregate dollar maximum for the declaration and payment of cash dividends on Common Stock, and for the distribution on, redemption, purchase or other acquisition of shares of any class of Capital Stock. The amount of retained earnings available for such purposes at December 31, 1963 was \$7,152,949.

Note C—Common Stock Options and Reservations

At December 31, 1963, 6,762 unissued shares of Common Stock were subject to outstanding options, exercisable by Company officers and employees at

\$27.45 a share which price was not less than 95% of the market when the options were granted during 1962.

Options for 2,050 shares expire in 1965 and for 4,712 shares in 1966. Options for 500 shares at \$13.42 and for 3,238 shares at \$27.45 were exercised during the year. An additional 150,000 shares are reserved for similar options which may be granted to officers and employees in the future.

Note D—Commitments and Contingent Liabilities

The Company has purchased one Boeing 720B turbojet aircraft for delivery in the first quarter of 1964 for \$5,607,000 and three 320C turbo-jet aircraft for delivery in the second quarter of 1964 for \$22,578,000. Deposits on these purchases aggregated \$8,699,753 at December 31, 1963.

Annual payments of approximately \$3,100,000 are required under various rental agreements for leases from five to thirty-five years for airport facilities, ticket offices, etc.

The Company was contingently liable at December 31, 1963 in the amount of \$409,038 resulting from discounting notes receivable arising from the sale of assets. Other contingent liabilities include those inherent in the Company's operation. While the amount of these contingent liabilities is not now determinable, the management of the Company is of the opinion that it is not material with respect to the Company's financial position.

Note E—Mail Transportation Compensation

No final determination of total mail compensation has been made by the Civil Aeronautics Board on international and domestic routes for 1951. The ultimate effect of any redetermination is not known at this time.

Pursuant to an order issued by the Civil Aeronautics Board, the Company has made provision in 1963 for the reduction of \$1,833,123 of mail subsidy for 1954 which amounts to a reduction in net earnings of \$843,000 after applicable income taxes.

Note F—Mutual Aid Agreement

The Company is party to a Mutual Aid Agreement with certain airlines under which any party to the agreement suffering a strike as defined therein is to receive from the other airlines amounts as determined under the agreement. The Civil Aeronautics Board is investigating the agreement and in the event of its disapproval, Mutual Aid payments are to be refunded to the paying airlines to the extent affected by such disapproval. At December 31, 1963 the Company is a net beneficiary under the Mutual Aid Agreement to the extent of \$2,615,123.

Note G—Investment Credit

The Company's investment credit was \$2,929,600 for 1963 and \$300,000 for 1962 and has been added to deferred taxes and other deferred credits, the latter to be reported as earned income over eight year periods from the respective years in which the credit arises. \$106,400 of other deferred credits have been reported as earned in 1963 and \$18,000 in 1962. Taxes on earnings charged to the Statement of Earnings include deferred taxes of \$2,823,200 for 1963 and \$282,000 for 1962 arising from the investment credit.



# FIVE YEAR SUMMARY OF EARNINGS

(Amounts Shown in Thousands)

## NORTHWEST AIRLINES, INC. and SUBSIDIARY

	1963	1962	1961*	1960	1959
<b>OPERATING REVENUES</b>					
Transport:					
Passenger . . . . .	\$135,222	\$121,781	\$ 85,971	\$ 97,680	\$100,641
United States mail . . . . .	12,917	12,904	10,474	9,680	10,174
Foreign mail . . . . .	1,316	1,324	1,227	1,031	1,045
Excess baggage . . . . .	1,147	1,084	914	1,183	1,349
Freight and express . . . . .	12,598	10,744	7,529	10,185	10,532
Charter and other transportation . . . . .	6,442	2,646	1,482	823	526
	\$169,642	\$150,483	\$107,597	\$120,582	\$124,267
Nontransport . . . . .	( 854)	( 30)	3,456	2,780	1,763
	\$168,788	\$150,453	\$111,053	\$123,362	\$126,030
<b>OPERATING EXPENSES</b>					
Flying operations . . . . .	\$ 42,906	\$ 38,948	\$ 29,269	\$ 37,606	\$ 37,610
Maintenance . . . . .	26,203	23,243	17,253	22,872	21,771
Passenger service . . . . .	11,413	9,586	7,178	8,840	8,465
Aircraft and traffic servicing . . . . .	19,690	17,658	12,446	15,422	15,511
Reservations, sales and advertising . . . . .	16,985	15,688	11,973	13,789	14,011
Administrative and general . . . . .	6,516	7,679	6,094	5,926	6,443
Depreciation and amortization . . . . .	19,159	18,445	17,118	14,413	11,310
	\$142,872	\$131,247	\$101,331	\$118,868	\$115,121
	\$ 25,916	\$ 19,206	\$ 9,722	\$ 4,494	\$ 10,909
<b>OTHER INCOME AND (DEDUCTIONS)—NET</b>	( 4,166)	( 4,578)	( 2,828)	( 1,882)	335
<b>EARNINGS BEFORE TAXES</b>	\$ 21,750	\$ 14,628	\$ 6,894	\$ 2,612	\$ 11,244
<b>INCOME TAXES</b>	11,297	7,398	3,233	986	5,530
<b>NET EARNINGS FOR THE YEAR</b>	<u>\$ 10,453</u>	<u>\$ 7,230</u>	<u>\$ 3,661</u>	<u>\$ 1,626</u>	<u>\$ 5,714</u>

### OTHER FINANCIAL STATISTICS

Cash dividends paid (000) . . . . .	\$ 1,823	\$ 1,702	\$ 1,701	\$ 1,700	\$ 1,714
Earnings per share** . . . . .	5.73	3.97	2.01	.89	3.14
Stockholders' equity (000) . . . . .	68,436	59,712	54,177	52,193	52,267
Book value per share** . . . . .	37.51	32.79	29.76	28.70	28.74
Cash (000) . . . . .	12,867	16,371	15,991	18,360	10,206
Net working capital (000) . . . . .	6,227	8,049	7,034	23,008	12,093
Flight property at cost (000) . . . . .	176,655	169,413	170,772	121,441	104,389
Flight property at net book value (000) . . . . .	127,074	122,980	133,485	86,957	76,647
Total assets (000) . . . . .	196,765	186,887	189,103	148,698	130,097
Long-term debt (000) . . . . .	64,996	74,968	90,286	68,500	50,000
<b>Operating expenses:</b>					
Per available ton-mile . . . . .	21.7¢	23.9¢	27.6¢	27.8¢	26.5¢
Per revenue ton-mile . . . . .	46.8¢	50.2¢	54.2¢	54.2¢	51.0¢
Break-even passenger load factor . . . . .	41.6%	45.5%	48.9%	53.7%	51.1%
(to cover operating expenses and interest)					
Actual passenger load factor . . . . .	50.6%	51.5%	52.1%	53.8%	55.2%
Available seat miles (000) . . . . .	4,305,147	3,697,796	2,611,840	3,073,400	3,149,000

\*Operations were curtailed in the first quarter of 1961 as a result of a flight engineer strike.

\*\*1959-1962 based on total number of shares outstanding at end of year plus shares arising from subsequent conversion of preferred stock issued in December, 1958, and called in January, 1963.



# Northwest Airlines, Inc.

## DIRECTORS\*

CROIL HUNTER Chairman of the Board, Northwest Airlines, Inc. St. Paul, Minnesota	DONALD W. NYROP President, Northwest Airlines, Inc. St. Paul, Minnesota
JAMES H. BINGER President, Minneapolis-Honeywell Regulator Co. Minneapolis, Minnesota	ALONZO PETTEYS President, Farmers State Bank Brush, Colorado
HADLEY CASE President, Case, Pomeroy & Company, Inc. New York, New York	C. FRANK REAVIS Partner, Reavis and McGrath New York, New York
MORTON H. FRY Senior Partner, Riter & Company New York, New York	ALBERT G. REDPATH Partner, Auchincloss, Parker & Redpath New York, New York
JOSEPH T. JOHNSON Chairman of the Board, The Milwaukee Company Milwaukee, Wisconsin	LYMAN E. WAKEFIELD, JR. Vice President, First National Bank of Minneapolis Minneapolis, Minnesota
MALCOLM S. MACKAY President, Foothills Company Roscoe, Montana	ALBERT J. WEATHERHEAD, JR. President, The Weatherhead Company Cleveland, Ohio
CLYDE B. MORGAN Chairman of the Board, Rayonier Incorporated New York, New York	

## OFFICERS\*

DONALD W. NYROP President	FRANK C. JUDD Vice President—Maintenance and Engineering
PAUL L. BENSCOTER Vice President—Transportation Services	M. JOSEPH LAPENSKY Comptroller
ROBERT A. EBERT Vice President—Personnel	RONALD McVICKAR Assistant Vice President
A. E. FLOAN Vice President and Secretary	DALE MERRICK Vice President—Properties
DONALD H. HARDESTY Vice President—Finance and Treasurer	EMORY T. NUNNELEY, JR. Vice President and General Counsel
WM. E. HUSKINS, JR. Vice President—Orient Region	C. L. STEWART Vice President—Economic Planning
	ROBERT J. WRIGHT Vice President—Sales

\*As of March 1, 1964

REGISTRAR: The Chase Manhattan Bank, New York, N. Y.  
TRANSFER AGENT: Bankers Trust Company, New York, N. Y.

STOCK LISTED: Common Stock listed on New York Stock Exchange  
and Midwest Stock Exchange.

## General Offices

Minneapolis-St. Paul International Airport, St. Paul, Minn. 55111

2004, 0030, 0011

## Special Notice to Stockholders

# NEW DEVELOPMENTS SINCE DECEMBER 31, 1963

### Flight Equipment Orders

On February 24, 1964, your Company announced the purchase from The Boeing Company of 13 new fan-jet aircraft, subject to completion of necessary financing arrangements. Included in the new orders are two Boeing 720B fan-jets and 11 Boeing 727 three engine fan-jet transports at a total cost, with related spares, of \$68,800,000. Deliveries of the 720B's are scheduled for July and August 1964. The 727 deliveries will start in November 1964 and will continue during 1965, with the last aircraft scheduled for January 1966. Upon completion of this program Northwest will have a fleet of 35 Boeing fan-jet aircraft made up of:

Service Range	Type	No.
Intercontinental	320B/C	8
Medium to Long Range	720B	16*
Short to Medium Range	727	11
		<hr/> 35

\*Including 4 leased.

Our Electra II prop-jets and such remaining piston aircraft as may be required for service needs in special areas will round out a well-balanced fleet of aircraft designed to develop the maximum potential of our growing traffic.

### Financing

Arrangements for financing of the new purchases include a broadening of the Company's equity base by a rights offering and replacement of our existing bank credit arrangement with a new one, as well as the application of internally generated funds.

**Common Stock:** You have already been advised by Prospectus dated March 18, 1964, of the Company's offering of new shares of Common Stock to stockholders of record on March 18 at the rate of one new share for each four shares held. Your Di-

rectors have decided to recommend to the stockholders of the Company that, at their annual meeting in May 1964, they approve a 2-for-1 split of the Common Stock to be effective shortly thereafter.

**Bank Credit:** Subject to satisfactory completion of the equity financing referred to herein, revision of Northwest Airlines' existing bank credit agreement will provide for an increase of our revolving credit to a maximum of \$36,000,000, remaining at that level through 1965, and thereafter subject to reduction of \$6,000,000 on each June 30 and December 31 in the years 1966, 1967 and 1968. New interest rates have been negotiated at 4½% for funds borrowed and ½% for funds committed, but not drawn down. These rates compare with interest at 5% and ½%, respectively, in the present agreement. Outstanding bank loans under the present agreement amounted to \$11,000,000 at March 17, 1964. Under terms of the new bank credit agreement, the 6% Subordinated Note of \$7,500,000 payable to The Boeing Company and the 5% Conditional Sales Contracts of \$5,771,025 for the Lockheed Electras will be repaid by early April 1964.

### Dividends

Your Directors have declared a cash dividend of 30c per share of Common Stock payable on March 31, 1964, to holders of record of shares outstanding on March 18, 1964. This is an increase over the dividend of 25c per share paid each quarter during 1963. Dividends in years prior to 1963 were paid at 20c per share per quarter.

**NOTE:** Your attention is directed to the Prospectus mailed to you on March 18. The offering by the Company of additional Common Stock is made only by the Prospectus upon the terms and conditions described therein. Action must be taken to exercise or to dispose of your rights to subscribe for the new shares by 3:30 p.m. New York City time April 1, 1964. Such rights will be of no value after such time and date.

March 20, 1964

# NORTHWEST AIRLINES

## ORDERS 11 BOEING 727 FAN-JETS



BOEING 727 FAN-JET AIRLINER, WITH ARTIST'S CONCEPTION OF NORTHWEST'S MARKINGS

### THE BOEING 727 AIRCRAFT

#### *General Specifications*

Powerplants	Three aft-mounted Pratt & Whitney JT8D-1 fan-jet engines
Rated thrust, per engine	14,000 pounds
Cruising speed	in excess of 600 mph
Maximum gross takeoff weight	160,000 pounds
Maximum landing weight	135,000 pounds
Wingspan	108 feet
Over-all length	133 feet, 2 inches
Wing sweepback angle	32 degrees
Passenger capacity	92-99

**Operating Characteristics:** *The 727 will be used by Northwest Airlines on route segments of short-to-medium length. Through a combination of carefully designed wing high-lift devices, the 727 requires only a 5,000 foot runway for normal operations.*





ANCHORAGE	FT. LAUDERDALE	MILWAUKEE	ST. PETERSBURG
ATLANTA	GRAND FORKS	MINNEAPOLIS	SEATTLE
BILLINGS	GREAT FALLS	MISSOULA	SEOUL
BISMARCK	HELENA	MOORHEAD	SPOKANE
BOZEMAN	HOLLYWOOD	NEW YORK	TACOMA
BUTTE	HONOLULU	NEWARK	TAIPEI
CHICAGO	JAMESTOWN	OKINAWA	TAMPA
CLEARWATER	MADISON	PITTSBURGH	TOKYO
CLEVELAND	MANDAN	PORTLAND	WASHINGTON, D. C.
DETROIT	MANILA	ROCHESTER	WINNIPEG
FARGO	MIAMI	ST. PAUL	YAKIMA

