

LETTER OF AGREEMENT
between
NORTHWEST AIRLINES, INC.
and
THE AIR LINE PILOTS
in the service of
NORTHWEST AIRLINES, INC.
as represented by
AIR LINE PILOTS ASSOCIATION, INTERNATIONAL

This Letter of Agreement is made and entered into in accordance with the provisions of Title II of the Railway Labor Act, as amended, by and between Northwest Airlines, Inc., (hereinafter referred to as the "Company") and the Air Line Pilots in the service of the Company, as represented by the Air Line Pilots Association, International (hereinafter referred to as "ALPA").

WHEREAS, pursuant to Letter 2006-03 of the Northwest-ALPA collective bargaining agreement ("Letter 2006-03"), the Company and ALPA agreed that ALPA will have an allowed nonvoting, non-priority general unsecured claim of \$888 million (the "ALPA Claim") and that ALPA may determine the manner of distribution of the ALPA Claim among Northwest pilots provided that the manner of distribution is legal and complies with all applicable regulations; and

WHEREAS, pursuant to Letter 2006-03 the ALPA Claim does not arise unless and until the occurrence of and subject to the effective date of a plan of reorganization in the Company's bankruptcy case and the assumption of the ALPA collective bargaining agreement; and

WHEREAS, pursuant to Letter 2006-03 the ALPA Claim is subject to certain restrictions with respect to its sale prior to the entry of an order confirming a plan of reorganization in the Company's bankruptcy case; and

WHEREAS, the Company and ALPA have agreed that it is in the best interests of the Company and its pilots to authorize and facilitate the sale of a portion of the ALPA Claim prior to the entry of an order confirming a plan of reorganization, and to distribute the proceeds of such sale in the form of employer contributions to pilot accounts in the Northwest Airlines Retirement Savings Plan for Pilot Employees (the "Retirement Plan") to the maximum extent permitted by law; and

WHEREAS, the Company has agreed to seek authorization from the Bankruptcy Court to amend Letter 2006-03 solely for the purpose of permitting the allowance and sale of a portion of the ALPA Claim in advance of the occurrence of the conditions set forth in Letter 2006-03; and

WHEREAS, ALPA has agreed to file papers in the Bankruptcy Court in support of the Company's request for authorization and to communicate to its pilot members the positive benefits to the pilots of this transaction.

NOW, THEREFORE, ALPA and the Company do hereby agree as follows:

- A. Letter 2006-03 applies in all respects except as modified by this Letter of Agreement relating solely to the ALPA Claim.
- B. Paragraph 7 of Letter 2006-03 is hereby amended solely for the purpose of permitting ALPA to sell twenty (20) percent of the ALPA Claim or \$177.6 million (the "Purchased Claim") upon approval of this Letter of Agreement by the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") so that ALPA may transfer such Purchased Claim pursuant

to the form of purchase agreement attached as Exhibit A hereto. Paragraph 7 of Letter 2006-03 is hereby amended to read as follows:

- (a) Upon the occurrence of and subject to the effective date of any plan of reorganization for the Company and the assumption of the ALPA Restructuring Agreement, ALPA will have an allowed general unsecured pre-petition claim in the Company's chapter 11 case in the amount of **\$888** million, as set forth in the attached Schedule (the "ALPA Claim"), in respect of the concessions made by ALPA, as reflected in the ALPA Bridge Agreement and the ALPA Restructuring Agreement. The ALPA Claim shall not be subject to review or reconsideration. The ALPA Claim will be reduced by the amount of the Purchased Claim (the "Reduced ALPA Claim"). ALPA shall have no claims in respect of the ALPA Agreement or any other agreement between the Company and ALPA, except (i) as set forth in the Bankruptcy Protection Letter; (ii) the ALPA Claim; and (iii) the Purchased Claim. The Northwest Master Executive Council of ALPA will have the authority to determine the manner of distribution of the ALPA Claim, including the distribution of equity on account of such claim, provided that the manner of distribution is legal and complies with all applicable regulations.
- (b) Upon the effectiveness of Letter 2006-__ of the Northwest-ALPA collective bargaining agreement ("Letter 2006-__") and subject to the terms of the purchase agreement attached thereto, the ALPA Claim will be reduced by the amount of the Purchased Claim, and the Purchased Claim will be allowed as a general unsecured pre-petition claim in the Company's chapter 11 case on account of \$177.6 million and shall not be subject to review or reconsideration. The Purchased Claim shall not be allowed for voting purposes. ALPA may assign or transfer the Purchased Claim pursuant to a purchase agreement that is the same as, or substantially similar to, the purchase agreement attached to Letter 2006-__ as Exhibit "A". Any assignee or transferee of the Purchased Claim shall take such claim subject to all of the terms and conditions of such purchase agreement.
- (c) If requested by the Northwest Master Executive Council, distribution of cash or equity securities received in respect of the Reduced ALPA Claim or the Purchased Claim will be made, to the maximum extent permitted by law, in the form of an employer contribution to the Northwest Airlines Retirement Savings Plan for Pilot Employees. Neither the Company nor any of its officers or directors shall have any responsibility or liability for such Plan's disposition or continued holding of any such equity securities. All such responsibility shall instead be that of the Plan's participants. The documents and instruments governing such Plan shall be amended to provide that participants shall have all discretionary authority and responsibility respecting the disposition and the Plan's continued holding of any such equity securities. The Company's indemnification obligation under Paragraph 6 of the Bankruptcy Protection Letter shall not apply to claims against any Indemnified Party relating to or arising from the determination by ALPA of the manner of distribution of the Reduced

ALPA Claim or Purchased Claim, or of equity on account of such claims, or to claims against any Indemnified Party relating to or arising out of the disposition or continued holding of equity securities by the Plan.

- (d) The Reduced ALPA Claim and Purchased Claim shall receive distributions under any plan of reorganization confirmed in these cases on the same terms and conditions and on a pro rata, pari passu basis, as all other allowed general unsecured pre-petition claims against the Company; provided, however, the Company reserves the right to separately classify certain claims (other than the Reduced ALPA Claim and Purchased Claim) for administrative convenience and treat such claims differently.
 - (e) At a minimum, pilots represented by ALPA (or their designees) will receive a percentage of the common equity, securities and/or other consideration provided to all company employees covered by collective bargaining agreements that is no less than the percentage the Association's cost reductions, as calculated for the categories and time periods in the attachment, represents of the total labor cost reduction, as calculated in the same categories and time periods, for all employees covered by collective bargaining agreements.
 - (f) Since the Reduced ALPA Claim will not arise until the effective date of a plan of reorganization for the Company, the Reduced ALPA Claim shall not be allowed for voting purposes. Except as provided herein with respect to the Purchased Claim, neither this Agreement nor any rights or interests in this Agreement, including without limitation the Reduced ALPA Claim, may be assigned or transferred in any way nor shall ALPA directly or indirectly grant any participation in any of the foregoing; unless such action: (1) is consistent with any order governing the trading of claims; and (2) occurs after the entry of an order confirming a plan of reorganization for the Company. Any assignee or transferee of the Reduced ALPA Claim shall take such claim subject to all of the terms and conditions of the ALPA Restructuring Agreement, including this Letter of Agreement, and any plan of reorganization for the Company, including the condition that the Reduced ALPA Claim shall not arise unless and until a plan of reorganization becomes effective and the ALPA Restructuring Agreement is assumed.
- C. On the second business day following the later of (x) the date that ALPA delivers to the Company and the purchaser of the Purchased Claim Exhibits A and B to the annexed purchase agreement, and (y) the date on which the Bankruptcy Court enters an order approving this Letter of Agreement (the "Closing Date"), (i) ALPA shall transfer the Purchased Claim to the Company; (ii) the purchaser shall provide the Company with the proceeds of the claim sale (net of the fees and expenses of ALPA of the transaction); (iii) the Company shall transfer the Purchased Claim to the purchaser (or its designees); and (iv) within ten (10) days following receipt of the pilot allocation data from ALPA, but under no circumstances fewer than eight (8) business days following the Closing Date, the Company shall make a cash distribution to or for the benefit of the Northwest pilots (a) to the Retirement Plan in the manner described in the amendment to

such plan dated as of December 31, 2006 to the maximum extent permitted by applicable contribution limits under the Internal Revenue Code, and, to the extent not so permitted, (b) directly to individual pilots net of all applicable income tax withholdings and payroll taxes (which shall be withheld by the Company and remitted to the appropriate taxing authorities). The aggregate amount of all distributions made by the Company pursuant to the purchase agreement, including income tax withholdings and payroll taxes, shall not exceed the proceeds of the claim sale (net of the fees and expenses of ALPA of the transaction).

- D. The form of purchase and sale agreement attached hereto as Exhibit A may be modified in immaterial respects in negotiations with potential purchasers with the consent of the Company in its sole discretion.
- E. To facilitate the transaction described herein, the Retirement Plan will be amended, in form and substance acceptable to ALPA and the Company, to provide for contribution by Northwest of the proceeds of the claim sale to the maximum extent permitted under Section 415(c) of the Internal Revenue Code of 1986, as amended, allocating such contribution first to the 2006 limitation year and thereafter, to the extent necessary to maximize the contribution, to the 2007 limitation year.
- F. This Letter of Agreement shall not become effective unless and until approval of the Bankruptcy Court, and upon such approval, shall remain in full force and effect as part of Northwest-ALPA collective bargaining agreement. The Company agrees to seek expedited Bankruptcy Court approval of this Letter of Agreement.

IN WITNESS WHEREOF, the undersigned parties have signed this Letter of Agreement this 15th day of December 2006.

For AIR LINE PILOTS ASSOCIATION,
INTERNATIONAL

Duane E. Woerth
President

Dave Stevens
NWA MEC Chairman

For NORTHWEST AIRLINES, INC.

Senior Vice President, Labor Relations

**PURCHASER NAME
PURCHASER ADDRESS
NEW YORK, NEW YORK XXXXX**

_____, 200_

Northwest Master Executive Council
Air Line Pilots Association, International
5101 Northwest Drive
St. Paul, Minnesota 55111
Attention: Master Chairman

Northwest Airlines Corporation
2700 Lone Oak Parkway
Minneapolis, Minnesota 55121
Attention: Chief Financial Officer

Ladies and Gentlemen:

Reference is made to (i) that certain restructuring agreement (the “ALPA Restructuring Agreement”) effective as of August 1, 2006 by and between Northwest Airlines Corporation and Northwest Airlines, Inc. (together, “Northwest”) and the Air Line Pilots Association, International (“ALPA”), (ii) that certain amendment to ALPA Restructuring Agreement dated as of December 15, 2006 (the “Claim Sale Amendment”), (iii) the order in the Bankruptcy Case dated June 13, 2006 approving the ALPA Restructuring Agreement (the “Approval Order”) entered by the United States Bankruptcy Court for the South District of New York (the “Bankruptcy Court”) in Case No. No. 05-17930 (ALG) (the “Bankruptcy Case”); and (iv) the plan of reorganization to be filed by Northwest and its affiliated debtors in the Bankruptcy Case (the “Plan”), including the provision(s) therein for distributing cash, securities or other consideration to holders of allowed general unsecured non-priority pre-petition claims (the “Plan Consideration”).

The ALPA Restructuring Agreement and the Approval Order provide, among other things, that, upon the occurrence of the effective date of any plan of reorganization for Northwest and assumption of the ALPA Restructuring Agreement, ALPA, as the collective bargaining representative of the airline pilots employed by Northwest, will have with an allowed general unsecured non-priority pre-petition claim in the Bankruptcy Case, not subject to review or reconsideration under Section 502 of the Bankruptcy Code, Rule 3008 of the Federal Rules of Bankruptcy Procedure, or otherwise, in the amount of \$888 million (the “ALPA Claim”). Under the terms of the ALPA Restructuring Agreement and the Approval Order, and notwithstanding anything contained herein, the ALPA Claim shall not be allowed for voting purposes. The Claim Sale Amendment provides Northwest pilots with the opportunity to receive the proceeds from the portion of the ALPA Claim described on Exhibit A to this Agreement (the “Purchased Claim”) in cash through the claim sale transaction described in this Agreement prior to both the effective date of any plan of reorganization for Northwest and assumption of the ALPA Restructuring Agreement.

[Purchaser name], its affiliates or designees (“Purchaser”) desires to acquire all rights, title and interest to the Purchased Claim.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Purchaser, Northwest and ALPA hereby agree as follows:

1. Purchase and Sale. On the second business day following the later of (x) the date that ALPA delivers to Northwest and Purchaser Exhibits A and B to this Agreement, and (y) the date on which the Bankruptcy Court enters an order approving this Agreement (the "Closing Date"), (i) ALPA shall transfer the Purchased Claim to Northwest; (ii) Purchaser shall provide Northwest with the Net Purchase Price (as defined in paragraph 2 below); (iii) Northwest shall transfer to Purchaser and/or the Subsequent Transferee(s) (as defined in paragraph 2 below) the Purchased Claim pursuant to paragraph 3 below; and (iv) within ten (10) days of the delivery to Northwest of Exhibit B to this Agreement, but under no circumstances fewer than eight (8) business days following the Closing Date, Northwest shall make payments to, or contributions on account of, certain Northwest pilots pursuant to paragraph 4 below.

2. Purchase Price. The total purchase price for the Purchased Claim is \$_____ or ___ cents per claim dollar (the "Gross Purchase Price"). On the Closing Date, Purchaser shall pay to (a) ALPA or its designee, by wire transfer of immediately available funds to an escrow account designated by ALPA, 1.25% of the Gross Purchase Price (which amount shall be used to fund the fees and expenses of the transaction) and (b) Northwest or its designee, by wire transfer of immediately available funds to an account designated by Northwest, the Gross Purchase Price less the amounts paid pursuant to subsection (a) of this paragraph 2 (the "Net Purchase Price"). Upon receipt of the Net Purchase Price, Northwest shall deliver to Purchaser and each third party designated by the Purchaser as the purchaser of a portion of the Purchased Claim (any such person, a "Subsequent Transferee") an executed receipt and acknowledgement of the Purchased Claim in the form attached as Exhibit C to this Agreement.

3. Ownership. Each of Purchaser and any person who acquires any portion of the Purchased Claim from Purchaser (each, a "Covered Person") hereby agrees that it shall be subject in all respects to the provisions of the order entered in the Bankruptcy Case regarding the trading of Northwest claims and equity securities; provided, however, that upon issuance of a good faith notice by Northwest to a Covered Person that such Covered Person would own more than 4.90% of the total equity value of reorganized Northwest upon the Company's emergence from Chapter 11 (an "Excess Stock Amount"), such Covered Person will sell or otherwise transfer its Northwest claims to an unrelated third party (which itself will not own an Excess Stock Amount, taking into account the Purchased Claim) to the extent necessary in order to ensure that such Covered Person will not own an Excess Stock Amount. Each Covered Person hereby agrees that money damages will not be a sufficient remedy for a breach of the obligations contained in this paragraph 3, and that Northwest shall be entitled to enforce any such breach in the Bankruptcy Court through specific performance and injunctive relief, in addition to any other remedy available at law or in equity.

4. Distribution. After receipt of the Net Purchase Price, and as set forth in paragraph 1 above, Northwest shall make a cash distribution to or for the benefit of the Northwest pilots listed on Exhibit A to this Agreement, in the amounts set forth on Exhibit A, (i) to the Northwest Airlines Retirement Savings Plan for Pilot Employees in the manner described in the amendment to such plan dated as of December 31, 2006 to the maximum extent permitted by applicable contribution limits under the Internal Revenue Code, and, to the extent not so permitted, (ii) directly to individual pilots net of all applicable income tax withholdings and payroll taxes (which shall be withheld by Northwest and remitted to the appropriate taxing authorities). The aggregate amount of all distributions made by Northwest pursuant to this Agreement, including income tax withholdings and payroll taxes, shall not exceed the Net Purchase Price received by Northwest.

5. Representations. ALPA, Northwest and Purchaser acknowledge that (i) the Purchased Claim shall not be allowed for voting purposes, (ii) no party has made any representation or warranty as to the terms of any plan of reorganization Northwest or its affiliates may file with the Bankruptcy Court or that may be confirmed by the Bankruptcy Court, and (iii) the value of the Plan Consideration distributed in the Bankruptcy Case on account of the Purchased Claim may differ materially from the Purchase Price. ALPA, Northwest and Purchaser further acknowledge that no party hereto nor any agent or representative of any party to this Agreement has made any representation whatsoever to any other party or its agent or representative regarding the status of the Bankruptcy Case, the condition of Northwest (financial or otherwise), or any other matter whatsoever relating to the Bankruptcy Case, the Plan, the Plan Consideration, the airline industry, the Purchased Claim or the ALPA Claim, except as expressly set forth herein. ALPA, Northwest and Purchaser further acknowledge that the parties to this Agreement may possess material non-public information concerning Northwest, other airlines or the Bankruptcy Case and hereby waive any claim they may have against each other arising out of or related to any such information or knowledge of any such information.

Purchaser represents that it (i) is a sophisticated entity with respect to its purchase of the Purchased Claim and is able to bear the economic risk associated with entering into this Agreement and the purchase of the Purchased Claim as provided herein, (ii) has adequate information concerning Northwest's business and financial condition and the status of the Bankruptcy Case to make an informed decision regarding the purchase of the Purchased Claim and has independently and without reliance on ALPA or Northwest, and based on such information as it has deemed appropriate, performed its own analysis and decided to enter into this Agreement, and (iii) has such knowledge and experience so as to be aware of the risks and uncertainties inherent in the purchase of the Purchased Claim as provided herein.

6. Notice. Notices hereunder shall be delivered by (i) facsimile, and (ii) certified mail or a recognized commercial courier service and shall be addressed (a) if to Purchaser, **[contact information]**, (b) if to Northwest, Northwest Airlines Corporation, 2700 Lone Oak Parkway, Minneapolis, Minnesota 55121, Attention: Chief Financial Officer, Facsimile (612) ____ - ____ with a copy to Cadwalader, Wickersham & Taft LLP,

One World Financial Center, New York, New York 10281, Attn.: Bruce R. Zirinsky, Facsimile (212) 504-6666, and (c) if to ALPA, to Northwest Master Executive Council, Air Line Pilots Association, International, 5101 Northwest Drive, St. Paul, Minnesota 55111, Attention: Master Chairman, Facsimile: (612) ____ - ____, Attn.: Master Chairman, with a copy to Cohen, Weiss and Simon LLP, 330 West 42nd Street, 25th Floor, New York, New York 10036, Attn.: Richard Seltzer, Facsimile: (212) 239-9012, or, in each case, at such other address as Purchaser, Northwest or ALPA may from time to time notify the other party hereto in writing.

7. General. This Agreement may be executed by facsimile or otherwise and in counterparts, each of which shall constitute one and the same agreement. The parties hereto represent and warrant to each other that: (i) subject only to Bankruptcy Court authorization with respect to Northwest, the signatories to this Agreement are authorized to execute this Agreement; (ii) subject only to Bankruptcy Court authorization with respect to Northwest, each has full power and authority to enter into this Agreement and perform the transactions contemplated hereby; and (iii) this Agreement is duly executed and delivered, and constitutes a valid, binding agreement in accordance with its terms. This Agreement shall be binding on the parties hereto and their respective successors and assigns. This Agreement shall be governed by and construed in accordance with New York law, without application of any choice of law principles thereof.

[signature page follows]

Kindly confirm that the foregoing is in accordance with your understanding of our agreement by signing and returning to us a copy of this letter.

Very truly yours,

PURCHASER NAME

By: _____

Name: _____

Title: _____

Accepted and Agreed to as of the Date of this Agreement:

NORTHWEST AIRLINES CORPORATION

By: _____

Name: _____

Title: _____

AIR LINE PILOTS ASSOCIATION, INTERNATIONAL

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____