

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re: :
 : **Chapter 11**
 :
NORTHWEST AIRLINES CORPORATION, et al., : **Case No. 05-17930 (ALG)**
 :
 : **Jointly Administered**
 :
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**FIRST AMENDED INTERIM ORDER PURSUANT TO SECTIONS
105, 362 AND 541 OF THE BANKRUPTCY CODE AND
BANKRUPTCY RULE 3001 ESTABLISHING NOTIFICATION AND
HEARING PROCEDURE FOR TRADING IN CLAIMS AND EQUITY SECURITIES**

Upon consideration of the motion (the “Motion”)¹ of Northwest Airlines Corporation (“NWA Corp.”), and certain of its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the “Debtors”),² seeking entry of an order pursuant to Sections 105, 362 and 541 of title 11, United States Code (the “Bankruptcy Code”) and Rule 3001 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) to establish notification and hearing procedures for trading in equity securities of NWA Corp. and Claims (as defined below), all as described more fully in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; due notice of the Motion having been provided to (i) the Debtors’ twenty largest unsecured creditors, (ii) the Debtors’ five largest pre-petition secured lenders or any agent therefor, (iii) the United States Trustee for this District and (iv) the Securities and Exchange Commission; and the

¹ Capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.

² Specifically, in addition to NWA Corp., the Debtors consist of: NWA Fuel Services Corporation, Northwest Airlines Holdings Corporation, NWA Inc., Northwest Aerospace Training Corp., Northwest Airlines, Inc., MLT Inc., Northwest Airlines Cargo, Inc., NWA Retail Sales Inc., Montana Enterprises, Inc., NW Red Baron LLC, Aircraft Foreign Sales, Inc., NWA Worldclub, Inc. and NWA Aircraft Finance Inc.

Court having entered an interim order granting the relief requested in the Motion on September 15, 2005 (the “Interim Order” and such date, the “Interim Order Date”), and the Court having determined that granting the relief sought in the Motion pursuant to this order (the “Order”) on a further interim basis is in the best interests of the Debtors, their estates and all parties in interest; and upon the Motion, the Declaration of Douglas M. Steenland, dated as of the Petition Date, and the Declaration of Neal S. Cohen Pursuant to Local Bankruptcy Rule 1007-2 and in Support of the Debtors’ Chapter 11 Petitions and First Day Orders, dated as of the Petition Date; and all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted on an interim basis and approved in accordance with the terms set forth below; and it is further

ORDERED the provisions of this Order supersede the provisions of the Interim Order, and, in the event of any irreconcilable inconsistency between this Order and the Interim Order, the terms of this Order shall govern and control; and it is further

ORDERED that the provisions of this Order shall be effective, nunc pro tunc, to the Petition Date; and it is further

ORDERED that all objections not previously withdrawn are overruled **or reserved until the final hearing on the Motion**; and it is further

ORDERED that effective as of the Petition Date and until further order of the Court to the contrary, any purchase, sale or other transfer of equity securities of NWA Corp. or Claims in violation of the procedures set forth herein shall be null and void *ab initio* as an act in violation of the automatic stay under Sections 362 and 105(a) of the Bankruptcy Code; and it is further

ORDERED that effective as of the date of entry of this Order (the “Order Date”), the procedures as described below shall apply to trading in equity securities;

- (a) Notice of Substantial Equityholder Status. Any person or entity who currently is or becomes a Substantial Equityholder (as defined in paragraph (e) below) shall file with the Court (at the holder’s election, in a redacted form that does not include such holder’s taxpayer identification number and the number of shares of NWA Corp. equity securities that such holder beneficially owns), and serve upon the Debtors and Debtors’ counsel, a notice of such status, unredacted, in the form attached hereto as Exhibit 1A within fifteen (15) calendar days of the later of (i) the Order Date and (ii) the date on which such person or entity becomes a Substantial Equityholder. Except to the extent necessary to respond to a Proposed Equity Acquisition Transaction (as defined below), or to the extent that the information contained therein is already public, the Debtors shall keep all such notices strictly confidential and shall not disclose the contents thereof to any entity; provided, however, that the Debtors may disclose the contents thereof to their counsel and professional financial advisers and/or the counsel and professional financial advisers to the Committee of Unsecured Creditors, who shall themselves keep all such notices strictly confidential and shall not disclose the contents thereof to any other entity, including a member of the Committee of Unsecured Creditors, subject to further Court order.
- (b) Acquisition of Equity Securities. At least fifteen (15) calendar days prior to the proposed date of any transfer of equity securities (including options to acquire stock, as defined below) that would result in an increase in the amount of equity securities of NWA Corp. beneficially owned by a Substantial Equityholder or that would result in a person or entity becoming a Substantial Equityholder (a “Proposed Equity Acquisition Transaction”), such person, entity or Substantial Equityholder (a “Proposed Equity Transferee”) shall file with the Court (at the holder’s election, in a redacted form that does not include such holder’s taxpayer identification number and the number of shares of NWA Corp. equity securities that such holder beneficially owns and proposes to purchase or otherwise acquire), and serve upon the Debtors and Debtors’ counsel, a Notice of Intent to Purchase, Acquire or Otherwise Accumulate an Equity Interest (an “Equity Acquisition Notice”), unredacted, in the form attached hereto as Exhibit 1B,³ specifically and in detail describing the intended transaction in which equity securities of NWA Corp. would be acquired.

³ A notice in the form of Exhibit 1B or Exhibit 2B (as described below) is hereinafter referred to as a “Notice of Intent to Purchase, Acquire or Otherwise Accumulate.”

- (c) Disposition of Equity Securities. At least fifteen (15) calendar days prior to the proposed date of any transfer of equity securities (including options to acquire stock, as defined below) that would result in a decrease in the amount of equity securities of NWA Corp. beneficially owned by a Substantial Equityholder or that would result in a person or entity ceasing to be a Substantial Equityholder (a “Proposed Equity Disposition Transaction”), such person, entity or Substantial Equityholder (a “Proposed Equity Transferor”) shall file with the Court (at the holder’s election, in a redacted form that does not include such holder’s taxpayer identification number and the number of shares of NWA Corp. equity securities that such holder beneficially owns and proposes to sell or otherwise transfer), and serve upon the Debtors and Debtors’ counsel, a Notice of Intent to Sell, Trade or Otherwise Transfer an Equity Interest (an “Equity Disposition Notice”), unredacted, in the form attached hereto as Exhibit 1C, specifically and in detail describing the intended transaction in which the equity securities of NWA Corp. would be transferred.
- (d) Objection Procedures. The Debtors shall have fifteen (15) calendar days after the filing of an Equity Acquisition Notice or an Equity Disposition Notice (the “Equity Objection Deadline”), as the case may be, to file with the Court and serve on a Proposed Equity Transferor or a Proposed Equity Transferee, as the case may be, an objection to any proposed transfer of equity securities of NWA Corp. described in any Equity Acquisition Notice or Equity Disposition Notice on the grounds that such transfer may adversely affect the Debtors’ ability to utilize their NOLs or other tax attributes (an “Equity Objection”) as a result of an ownership change under Section 382 or Section 383 of the Internal Revenue Code of 1986, as amended (the “IRC”).
- (1) If the Debtors file an Equity Objection by the Equity Objection Deadline, then the Proposed Equity Acquisition Transaction or the Proposed Equity Disposition Transaction shall not be effective unless approved by a final and nonappealable order of this Court. The Debtors shall bear the burden of establishing the adverse effect of the proposed transfer of equity securities of NWA Corp. on the Debtors’ ability to utilize their NOLs or other tax attributes.
 - (2) If the Debtors do not file an Equity Objection by the Equity Objection Deadline, or if the Debtors provide written authorization to the Proposed Equity Transferor approving the Proposed Equity Acquisition Transaction or the Proposed Equity Disposition Transaction, as the case may be, prior to the Equity Objection Deadline, then such Proposed Equity Acquisition Transaction or the Proposed Equity Disposition Transaction, as the case may be, may proceed solely as specifically described in the Equity Acquisition Notice or the Equity Disposition Notice. Further transactions within the scope of this paragraph must be the subject

of additional notices as set forth herein, with an additional fifteen (15) calendar day waiting period.

(e) Definitions. For purposes of this Order:

- (1) Substantial Equityholder. A “Substantial Equityholder” is any person or entity that beneficially owns at least 4,450,000 shares (representing approximately 4.75% of all issued and outstanding shares on a fully diluted basis) of the stock (as such term is used for purposes of the IRC Section 382 “ownership change” test) of NWA Corp.;
- (2) Beneficial Ownership. “Beneficial ownership” of equity securities shall be determined in accordance with applicable rules under Section 382 of the IRC, the Treasury Regulations promulgated thereunder and rulings issued by the Internal Revenue Service (“IRS”), and, thus, shall include, without limitation, (i) direct and indirect ownership (e.g., a holding company would be considered to beneficially own all shares owned or acquired by its subsidiaries), (ii) ownership by a holder’s family members and any group of persons acting pursuant to a formal or informal understanding to make a coordinated acquisition of stock and (iii) ownership of shares which a holder has an option to acquire; and
- (3) Option. An “option” to acquire stock includes any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, in each case, determined under the rules set forth in Treasury Regulation section 1.382-4;

and it is further

ORDERED that effective as of the Order Date, the following procedures shall apply to trading in Claims:

- (a) Notice of Substantial Claimholder Status. Any person or entity who currently is or becomes a Substantial Claimholder (as defined in Paragraph (f) below) shall file with the Court (at the holder’s election, in a redacted form that does not include such holder’s taxpayer identification number and the aggregate principal amount of Claims that such holder beneficially owns), and serve upon the Debtors and Debtors’ counsel, a notice of such status, unredacted, in the form attached hereto as Exhibit 2A, within fifteen (15) calendar days of the later of (i) the Order Date and (ii) the date on which such person or entity becomes a Substantial Claimholder. Except to the extent necessary to respond to a Proposed Claims Acquisition Transaction (as defined below), or to the extent that the

information contained therein is already public, the Debtors shall keep all such notices strictly confidential and shall not disclose the contents thereof to any entity; provided, however, that the Debtors may disclose the contents thereof to their counsel and professional financial advisers and/or the counsel and professional financial advisers to the Committee of Unsecured Creditors, who shall themselves keep all such notices strictly confidential and shall not disclose the contents thereof to any other entity, including a member of the Committee of Unsecured Creditors, subject to further Court order.

- (b) Acquisition of Claims. Except as provided in Paragraphs (d), (e) and (f) below, at least fifteen (15) calendar days prior to the proposed date of any transfer of Claims that would result in an increase in the amount of aggregate principal Claims beneficially owned by a Substantial Claimholder or would result in a person or entity becoming a Substantial Claimholder (a “Proposed Claims Acquisition Transaction”), such person, entity or Substantial Claimholder (a “Proposed Claims Transferee”) shall file with the Court (at the holder’s election, in a redacted form that does not include such holder’s taxpayer identification number and the aggregate principal amount of Claims that such holder beneficially owns and proposes to purchase or otherwise acquire), and serve upon the Debtors and Debtors’ counsel, a Notice of Intent to Purchase, Acquire or Otherwise Accumulate a Claim (a “Claims Acquisition Notice”), unredacted, in the form attached hereto as Exhibit 2B, specifically and in detail describing the intended acquisition of Claims, regardless of whether such transfer would be subject to the filing, notice and hearing requirements of Bankruptcy Rule 3001.
- (c) Objection Procedures. The Debtors shall have fifteen (15) calendar days after the filing of a Claims Acquisition Notice (the “Claims Objection Deadline”) to file with the Court, and serve upon a Proposed Claims Transferee, an objection to any proposed transfer of Claims described in such Claims Acquisition Notice on the grounds that such transfer may adversely affect the Debtors’ ability to utilize their NOLs or other tax attributes (a “Claims Objection”) after an ownership change under Section 382 or Section 383 of the IRC.
- (1) If the Debtors file a Claims Objection by the Claims Objection Deadline, then the Proposed Claims Acquisition Transaction shall not be effective unless approved by a final and nonappealable order of this Court. The Debtors shall bear the burden of establishing the adverse effect of the proposed acquisition of Claims on the Debtors’ ability to utilize their NOLs or other tax attributes.
 - (2) If the Debtors do not file a Claims Objection by the Claims Objection Deadline, or if the Debtors provide written authorization

to the Proposed Claims Transferee approving the Proposed Claims Acquisition Transaction prior to the Claims Objection Deadline, then such Proposed Claims Acquisition Transaction may proceed solely as specifically set forth in such Claims Acquisition Notice. Further transactions within the scope of this paragraph must be the subject of additional notices as set forth herein, with an additional fifteen (15) calendar day waiting period.

- (d) Electing Claimholders. (1) Any person or entity that elects to be bound by the terms of the notice set forth in Exhibit 2C (an “Electing Claimholder”) may freely trade and make a market in Claims without having to provide notice thereof to the Debtors prior to the consummation of any such transactions pursuant to Paragraph (b) above (including, without limitation, any person or entity that failed to comply with the Claims trading restrictions contained in the Interim Order), provided that an Electing Claimholder who becomes a Substantial Claimholder shall provide written notice to the Debtors within fifteen (15) calendar days of the later of (i) the Order Date and (ii) the date on which such Electing Claimholder becomes a Substantial Claimholder. In order to make an election pursuant to this Paragraph (d), any person or entity shall file with the Court (at the holder’s election, in a redacted form that does not include such holder’s taxpayer identification number), and serve upon the Debtors and Debtors’ counsel, a notice of such status, unredacted, in the form attached hereto as Exhibit 2C (the “Electing Notice”), which service of notice shall constitute acceptance by such person or entity and the Debtors of the terms and conditions set forth in such notice and this Order, and such person or entity shall not participate in formulating any Chapter 11 Plan of Reorganization of or on behalf of the Debtors (the “Plan”) (which shall include, without limitation, making any suggestions or proposals to the Debtors or their advisers with regard to the Plan), but only to the extent that such participation makes evident to the Debtors that the Claims of such person or entity do not constitute “qualified indebtedness” within the meaning of Treasury Regulation section 1.382-9(d)(2). For this purpose, the Debtors acknowledge and agree that the following activities shall not constitute “participation in formulating a plan of reorganization” for purposes of Treasury Regulation section 1.382-9(d)(2): filing an objection to a proposed disclosure statement or to confirmation of a proposed plan of reorganization, voting to accept or reject a proposed plan of reorganization, reviewing or commenting on a proposed business plan, membership on an Official Committee or an ad hoc Committee or taking any action required by this Order. If the Debtors are actively considering whether to utilize Section 382(l)(5) of the IRC and conclude that the issuance of a Sell Down Notice (as defined in the Electing Notice) may be necessary in connection therewith, the Debtors shall notify the Electing Claimholders in writing and confirm with the Committee of Unsecured Creditors that: (i) tax attributes of the Debtors will be available to be carried forward to reduce future federal income tax liabilities of the

Debtors (after application of all reductions in tax attributes required under Section 108(b) of the IRC), and (ii) the Debtors have no actual knowledge, as of such date, of any facts that would preclude the application of Section 382(l)(5) of the IRC in the Debtors' case. Thereafter, the Debtors shall request such information from Electing Claimholders as is necessary to determine the appropriate Threshold Amount (as defined in the Electing Notice) and, if necessary, shall then request the Court to approve the issuance of a Sell Down Notice on the basis that each transfer required pursuant to a Sell Down Notice (including the amount thereof) is appropriate and necessary to insure that the requirements of Section 382(l)(5) of the IRC will be satisfied. If this Court approves the Debtors' issuance of a Sell Down Notice, then the Debtors may issue such notices to the relevant Electing Claimholders. In the event that an Electing Claimholder fails to timely comply with its obligation to dispose of Claims under a Sell Down Notice, such Electing Claimholder shall not be entitled to receive in the reorganization of the Debtors any consideration (including any consideration in lieu thereof) consisting of equity of the Debtors that is attributable to the Excess Amount (as defined in the Electing Notice) of such Electing Claimholder's Claims, provided that such Electing Claimholder shall be entitled to receive any other consideration to which such holder may be entitled by virtue of holding Claims.

- (2) Notwithstanding the foregoing, on or after the date on which a Sell Down Notice is issued (if any), any sale or other transfer of Claims by an Electing Claimholder to a Transferee Entity (as defined in the Electing Notice) that is (or would become upon consummation of the applicable transaction) a Substantial Claimholder shall be null and void *ab initio* as an act in violation of the automatic stay under Sections 362 and 105(a) of the Bankruptcy Code, regardless of whether the Electing Claimholder had actual knowledge that such Transferee Entity is (or would become upon consummation of the applicable transaction) a Substantial Claimholder, unless the Debtors approve the transfer in advance.
- (3) Notwithstanding the foregoing, in the case of any entity that received a waiver from the Debtors with respect to the Claims trading restrictions contained in the Interim Order, such entity shall, within ninety (90) calendar days after the Order Date, (i) file an Electing Notice or (ii) sell or otherwise transfer all Claims acquired by such entity on or after the Interim Order Date.
- (4) Except to the extent necessary to demonstrate to the Court the need for the issuance of a Sell Down Notice, to the extent that the information contained therein is already public or to the extent that disclosure is necessary in connection with an audit or other investigation by the IRS (or other taxing authority), the Debtors

shall keep all Electing Notices strictly confidential and shall not disclose the contents thereof to any entity; provided, however, that the Debtors may disclose the contents thereof to their counsel and professional financial advisers and/or the counsel and professional financial advisers to the Committee of Unsecured Creditors, who shall themselves keep all such notices strictly confidential and shall not disclose the contents thereof to any other entity, including a member of the Committee of Unsecured Creditors, subject to further Court order; and provided, further, however, that to the extent confidential information is necessary to demonstrate to the Court the need for the issuance of a Sell Down Notice, such confidential information (determined by, among other things, whether such information was redacted in any public filing) shall be filed under seal.

(5) As the sole and exclusive sanction for a violation of an Electing Claimholder's obligations under an Electing Notice, such Electing Claimholder may, pursuant to this Order, be precluded from receiving in the reorganization of the Debtors any consideration (including any consideration in lieu thereof) consisting of equity of the Debtors that is attributable to the Excess Amount of Claims, provided that such Electing Claimholder shall be entitled to receive any other consideration to which such holder may be entitled by virtue of holding Claims.

(e) Special Rules. (1) No person or entity shall be subject to the advance notice provisions contained above in Paragraph (b) with respect to any transfer described in Treasury Regulation section 1.382-9(d)(5)(ii), provided that such transfer is not for a principal purpose of obtaining stock in the reorganized Debtors or permitting the transferee to benefit from the losses of the Debtors within the meaning of Treasury Regulation section 1.382-9(d)(5)(iii); provided, further, that any such transferee who becomes a Substantial Claimholder shall file with the Court, and serve upon the Debtors and Debtors' counsel, a notice of such status, in the form attached hereto as Exhibit 2A, within fifteen (15) calendar days of the later of (i) the Order Date and (ii) the date on which such person or entity becomes a Substantial Claimholder.

(2) No Substantial Claimholder shall be subject to the advance written notice provisions contained in Paragraph (b) above with respect to (i) any increase of aggregate Claims occasioned by the purchase by such Substantial Claimholder of a debt obligation issued by an obligor (other than any of the Debtors) in a leveraged lease transaction involving the lease of aircraft to any of the Debtors (such transaction, a "Leveraged Lease Structure"), provided that the acquirer of such debt instruments is the sole equity participant in such Leveraged Lease Structure, and (ii) any transfer by the sole

equity participant of such a debt instrument or of an equity participation interest in a Leveraged Lease Structure to a person related to the sole equity participant within the meaning of Treasury Regulation section 1.382-9(d)(5)(ii)(A), provided that such related person acquisition is not for a principal purpose of benefiting from the losses of the Debtors within the meaning of Treasury Regulation section 1.382-9(d)(5)(iii).

- (3) The trustee of any trust, any indenture trustee, owner trustee, pass-through trustee, subordination agent, registrar, paying agent or transfer agent (collectively, an “Indenture Trustee”), in each case for any bonds, debentures, pass-through certificates (“PTCs”), equipment trust certificates, enhanced pass-through certificates, property or other debt securities (collectively, “Debt Securities”) (i) issued by any of the Debtors, (ii) issued by any governmental or quasi-governmental authority for the benefit of any of the Debtors, (iii) secured by assets of any of the Debtors or agreements with respect to such assets or (iv) secured by assets leased to any of the Debtors, shall not be treated as a “Substantial Claimholder” solely to the extent acting in the capacity described above.
- (4) Neither any person or entity solely to the extent acting as a “riskless principal” between customers by purchasing and selling the same aggregate amounts of Claims on the same trade date for effect on the same settlement date, nor any Qualified Marketmaker (as defined below) solely to the extent acting with respect to Marketmaker Contracts (as defined below) held in its capacity as a Qualified Marketmaker shall be subject to the advance notice requirements set forth in Paragraph (b) above; provided, however, that a riskless principal or Qualified Marketmaker, as the case may be, shall only be exempt from the advance notice requirements set forth in Paragraph (b) above if such riskless principal or Qualified Marketmaker has filed an Electing Notice pursuant to Paragraph (d) above within ninety (90) calendar days after the Order Date; provided, further, however, that no counterparty of a “riskless principal” or Qualified Marketmaker, as the case may be, shall be excluded from this Order solely by reason of this provision. For purposes of this provision, (i) a “Qualified Marketmaker” means an entity that, immediately prior to the Petition Date, (x) held itself out to the public as standing ready in the ordinary course of its business to purchase from customers and sell to customers Marketmaker Contracts (or to enter with customers into long and short positions in derivative contracts that constituted Marketmaker Contracts), in its capacity as a dealer or market maker in such Marketmaker Contracts, and (y) in fact regularly made a two-way market in such Marketmaker Contracts prior to the Petition Date; and (ii) a “Marketmaker Contract” includes,

without limitation, (x) debt securities issued or guaranteed by any of the Debtors, (y) options, forward contracts, swaps or other derivative contracts that require the delivery of such debt securities, or that require the payment of money determined by reference to the value or yield of such debt securities or (z) secured, unsecured and undersecured claims against the Debtors, including, without limitation, bank debt, trade claims, lease claims and deficiency claims.

- (5) For the avoidance of doubt, Section 382 of the IRC, the Treasury Regulations promulgated thereunder and all relevant IRS and judicial authority shall apply in determining whether the Claims of several persons and/or entities must be aggregated when testing for Substantial Claimholder status.
- (6) No Indenture Trustee shall be subject to this Order or have or incur any liability for noncompliance with this Order to the extent such Indenture Trustee follows its standard practices or acts in accordance with its respective prepetition governing documents with respect to any transfer of Debt Securities or ownership interests in assets leased to the Debtors or payments relating thereto; provided, however, that an Indenture Trustee shall be subject to this Order to the extent such Indenture Trustee at any time is treated as the owner for U.S. federal income tax purposes of Debt Securities (such ownership, “Tax Ownership”); provided, further, however, that neither any transferee of Claims nor any equity or beneficial owner of a trust shall be excluded from this Order solely by reason of this provision.

(f) Definitions. For the purposes of this Order:

- (1) Substantial Claimholder. A “Substantial Claimholder” is any person or entity that beneficially owns an aggregate principal amount of Claims (as defined in Paragraph (f)(4) below) against the Debtors or any controlled entity through which a Substantial Claimholder beneficially owns an indirect interest in Claims against the Debtors equal to or exceeding \$145,000,000 (or such greater amount that the Debtors may determine to be appropriate from time to time);
- (2) Beneficial Ownership. “Beneficial ownership” of Claims shall be determined in accordance with applicable rules under Section 382 of the IRC, the Treasury Regulations promulgated thereunder and rulings issued by the IRS, and, thus, shall include, without limitation, (i) direct and indirect ownership (e.g., a holding company would be considered to beneficially own all Claims owned or acquired by its subsidiaries); (ii) ownership by a holder’s

family members and any group of persons acting pursuant to a formal or informal understanding to make a coordinated acquisition of Claims for a principal purpose of exchanging such Claims for equity securities of NWA Corp. and (iii) ownership of Claims which a holder has an option to acquire;

(3) Option. An “option” to acquire Claims includes any contingent purchase, put, contract to acquire a Claim(s) or similar interest, in each case, determined under principles consistent with the rules set forth in Treasury Regulation section 1.382-4;

(4) Claim. A “Claim” shall be any claim under which one or more of the Debtors is the obligor (including all debt instruments issued in a non-Leveraged Lease Structure and all equipment trust certificates (“ETCs”), PTCs and/or enhanced equipment trust certificates (“EETCs”)), subject to the following provisos:

(i) all debt instruments issued by an obligor (other than any of the Debtors) in a Leveraged Lease Structure, and all ETCs, PTCs and/or EETCs issued solely in respect of a Leveraged Lease Structure (collectively, “Leveraged Lease Obligations”) generally shall not be treated as Claims against the Debtors; provided, however, that Leveraged Lease Obligations shall be treated as Claims against the Debtors if and when the holder or the Indenture Trustee or agent acting on behalf of the holder of such Leveraged Lease Obligations, as the case may be, has acquired such Claims from the equity participant or lessor pursuant to a foreclosure, a voluntary or involuntary transfer or any other acquisition of collateral, and, after the occurrence of any such event, any holder of Claims who becomes a Substantial Claimholder shall file with the Court, and serve upon the Debtors and Debtors’ counsel, a notice of such status, in the form attached hereto as Exhibit 2A, within fifteen (15) calendar days after such person or entity becomes a Substantial Claimholder; provided, further, however, that the initial grant (or subsequent transfer) of a security interest in such Claims shall not be treated as a foreclosure, a voluntary or involuntary transfer or any other acquisition for the above purpose;

(ii) the amount of any Claims arising from any lease that is treated as a lease for U.S. federal income tax purposes shall, solely for purposes of this Order, be considered equal to (A) the net present value of all future rent payments under such lease after September 14, 2005, discounted at a rate of 8%, minus (B) the net present value of all future rent

payments under a hypothetical lease of the same term discounted at a rate of 8%. Solely for purposes of this order the hypothetical lease payments shall be determined by multiplying the current market value for the type (and age) of aircraft and engines which are the subject of the lease as reported in the most recent paper or online edition of AVITAS as of the date of the proposed transfer by 0.67% (.0067) for monthly payments, by 2% (.02) for quarterly payments and by 4% (.04) for semi-annual payments;

- (iii) the amount of any Claims secured by a mortgage (including any lease that is not treated as a lease for U.S. federal income tax purposes but excluding any mortgage that is held in an ETC, PTC or EETC structure) on an aircraft owned by a Debtor shall, solely for purposes of this Order, be considered equal to the amount of outstanding principal and accrued interest under such mortgage (or lease), minus the current market value reported for the specific type (and age) of the aircraft and engines that are the subject of the mortgage (or lease) in the most recent paper or online edition of AVITAS as of the date of the proposed transfer;
- (iv) in the case of all Claims (including ETCs, PTCs and EETCs treated as Claims in clause (i) above), other than those Claims that are subject to clauses (ii) and (iii) immediately above, the amount of the applicable Claim shall be the unsecured portion of such Claim, if any. In connection with the foregoing, if a holder of a Claim is uncertain as to the extent to which such Claim is unsecured, such holder may file with the Court, and serve upon the Debtors and Debtors' counsel, written notice of the requesting holder's uncertainty along with a description of the underlying Claim; and within five (5) calendar days after actual receipt of such notice, the Debtors shall, in consultation with the requesting holder, reasonably determine the unsecured portion of the applicable Claim, subject to the right of such requesting holder to file an objection with the Court in order to seek a review of such determination;
- (v) if a holder of Claims is uncertain as to whether it is a holder of ETCs, PTCs and/or EETCs issued solely in a Leveraged Lease Structure or issued in a non-Leveraged Lease Structure, such holder may file with the Court, and serve upon the Debtors and Debtors' counsel, written notice of the requesting holder's uncertainty along with a description

of the underlying Claim; and within five (5) calendar days after actual receipt of such notice, the Debtors shall inform the applicable holder as to whether the ETCs, PTCs and/or EETCs were issued in a Leveraged Lease Structure or in a non-Leveraged Lease Structure, subject to the right of such requesting holder to file an objection with the Court in order to seek a review of such determination; and

- (vi) in calculating the amount of any Claims hereunder, any applicable intercreditor agreements, including subordination agreements, shall be given effect in accordance with their terms.

Nothing contained in this Paragraph (f)(4) shall be deemed an admission of a party or be used by any party for any other purpose than compliance with this Order and shall not constitute an admission or evidence by any party with respect to Claims made or to be made against any Debtor;

and it is further

ORDERED that any purchase, sale or other transfer of Claims against the Debtors, or equity securities of NWA Corp., in violation of the procedures set forth herein shall be null and void and shall confer no rights on the transferee; and it is further

ORDERED that, with respect to equipment described in Section 1110 of the Bankruptcy Code, except as provided in such section, nothing contained in this Order or any other order of the Court in connection with the Motion shall prohibit or in any manner limit or otherwise affect the rights of a secured party, a lessor or a conditional vendor under the Bankruptcy Code, including, without limitation, Section 1110 thereof; and it is further

ORDERED that nothing in this Order shall be interpreted to prevent a secured party or Indenture Trustee from exercising the remedies available to it (whether arising under law or contract and including the exercise by such secured party or Indenture Trustee, as the case may be, of any foreclosure rights), to the extent such remedies are not otherwise prohibited by law; and it is further

ORDERED that nothing in this Order shall preclude any party-in-interest from seeking appropriate relief from the provisions of this Order; and it is further

ORDERED that following entry of the Order, the Debtors will send a notice in substantially the form attached as Exhibit 3 to the Motion (the "Notice") to: (i) the parties in interest listed on the Master Service List (as defined in the Court's order, dated September 15, 2005, establishing notice procedures and a master service list); (ii) all known creditors (along with notice of the Section 341 meeting of creditors, if practicable); (iii) transfer agents for holders of any class of equity securities of NWA Corp.; (iv) indenture trustees with respect to publicly traded bonds or debentures of the Debtors; (v) the Depository Trust Company (along with a request that such Notice be published on the LENS system) and (vi) parties who file notices of transfers of Claims under Bankruptcy Rule 3001(e)(i) to the extent such parties have not previously been served with such Notice, provided that the Notice shall be sent to parties in clause (vi) at the end of the month in which the applicable notice of transfer is filed. Additionally, the Debtors will publish the Notice in national editions of The Wall Street Journal and The New York Times and post such Notice on the website www.NWA-Restructuring.com. No further notice of entry of this Order need be served by the Debtors; and it is further

ORDERED that, at least twenty (20) calendar days prior to the end of each quarter, any Indenture Trustee(s) or transfer agent(s) for any bonds or debentures of the Debtors or any stock of NWA Corp. shall provide the Debtors with the name and address of all registered holders of such bonds, debentures or stock registered with such Indenture Trustee or transfer agent, as the case may be, and the Debtors shall deliver such Notice to such holders (at the Debtors' expense). Any such registered holder must, in turn, provide such Notice to any holder for whose account such registered holder holds such bonds, debentures or stock, and so on down the chain of ownership. Additionally, any person or entity or broker or agent acting on behalf of

such person or entity who (i) sells claims against the Debtors in the aggregate principal amount of at least \$145,000,000 or (ii) sells at least 4,450,000 shares of stock (as such term is used for purposes of the IRC Section 382 “ownership change” test) of NWA Corp. to another person or entity must provide a copy of the Order to such purchaser or any broker or agent acting on such purchaser’s behalf, provided that it is reasonably feasible to do so within the normal constraints of the market in which such sale takes place; and it is further

ORDERED that the requirements set forth in this Order are in addition to the requirements of Rule 3001(e) of the Federal Rules of Bankruptcy Procedure and applicable securities, corporate and other laws, and do not excuse compliance therewith; and it is further

ORDERED that any of the Debtors may waive in writing any and all restrictions, stays and notification procedures contained in this Order; and it is further

ORDERED that this Court shall retain jurisdiction with respect to any matters, claims, rights or disputes arising from or related to the implementation of this Order; and it is further

ORDERED that service of the Motion as provided therein shall be deemed good and sufficient notice of such Motion; and it is further

ORDERED that the requirement under Rule 9013-1(b) of the Local Bankruptcy Rules for the Southern District of New York for the filing of a memorandum of law is waived.

Dated: New York, New York
October 20, 2005

/s/ Allan L. Gropper
UNITED STATES BANKRUPTCY JUDGE