

subject to the determination from time to time by the appropriate fiduciary of the Plans (other than the Independent Fiduciary) that such investment will not impair the liquidity of the Plans such that the Plans would not be able to pay benefits and expenses when due. If such appropriate Plan fiduciary determines the liquidity of the Plans is impaired, such fiduciary shall direct the Independent Fiduciary to dispose of all or a portion of the Pinnacle Stock consistent with the terms of this agreement to the extent commercially reasonable.

All transactions involving the Plans in connection with the contribution of Pinnacle shares will be no less favorable to the Plans than arms' length transactions involving unrelated parties. No commissions, fees, costs, charges or other expenses will be borne by the Independent Fiduciary or the Plans in connection with any acquisition, holding or disposition of Pinnacle shares to or from the Plans, other than the underwriters' discount or other broker-dealer fees or commissions charged in any sale of such shares.

The Applicant represents that the valuation approach that the Independent Fiduciary takes into account when determining the value of Pinnacle Stock with respect to any specific transaction will be the method that the Independent Fiduciary determines to be in the best interests of the Plans' participants and beneficiaries.

The Independent Fiduciary's valuations will be used by the Master Trust Trustee for such Pinnacle Stock and by Northwest as plan administrator as the initial value of the Pinnacle Stock for Plan and Master Trust reporting purposes, and as the initial value to be used by each Plan's actuaries for valuation purposes. In addition to determining the fair market value of the Pinnacle Stock at the time it is contributed to the Plans, the Independent Fiduciary will thereafter determine the fair market value as of each March 31, June 30, September 30, and December 31; at any time the Pinnacle Stock is sold or exchanged by the Plans (e.g., for purposes of exercising its Put Option, as described below); and at such other times as the Independent Fiduciary determines to be in the interests of participants and beneficiaries in any of the Plans.

Northwest proposes that the contribution of Pinnacle Stock to the Master Trust be subject to a Put Option held by the Plans with respect to all of the Pinnacle Stock held by the Plans. The Put Option may be exercised on behalf of the Plans by the Independent Fiduciary, obligating Northwest (or an

affiliate) to purchase the Pinnacle Stock from the Plans at a price not less than the greater of its fair market value as of the exercise date (as determined by the Independent Fiduciary) or the value placed on the stock at the time of its contribution.

Voting Provisions

The Term Sheet provides that the shares of Pinnacle Stock contributed to the Plans will be identical to the shares retained by Northwest. With respect to the voting of such shares and related matters, the Omnibus Agreement will also provide as follows:

- The initial board of directors of Pinnacle Airlines will be comprised of six individuals, four of whom will be individuals previously identified by Northwest in the S-1 registration statement, one of whom shall be designated by Northwest and one of whom will be an individual designated by the Plans and reasonably acceptable to Northwest.
- For so long as the Plans hold at least 5 percent (5%) of such shares, the Plans will have the right to designate one nominee to Pinnacle Airlines' board of directors, and Northwest will vote the shares of Pinnacle Stock held by it in favor of such designee.

- The director designated by the Plans will have the right to serve on Pinnacle Airlines' audit committee to the extent permitted under applicable SEC and stock exchange requirements.

- At such time as the Plans hold more than 50 percent (50%) of such shares, and until the earlier of either (i) the Plans hold less than 25 percent (25%) of such shares or (ii) the Put Option has terminated as to all shares held by the Plans, the affirmative vote of the director designated by the Plans shall be required to approve the appointment of any new Chief Executive Officer of Pinnacle and compensation of any Chief Executive Officer. In addition, the appointment and compensation of any Chief Executive Officer shall be approved by a majority of the directors, excluding the director designated by Northwest.

- The Independent Fiduciary will direct the trustee of the Plans to vote shares of Pinnacle Stock held by the Plans in favor of the slate of director nominees proposed by Pinnacle's board of directors, except as the Plans and Northwest may otherwise agree.

- The Independent Fiduciary will direct the trustee of the Plans to vote shares of Pinnacle Stock held by the Plans in favor of any merger or other matter requiring stockholder approval as recommended by Pinnacle Airlines' board of directors, provided such

transaction or other action does not otherwise treat the shares held in the Plans differently than other shares of Pinnacle Stock.

Affiliate Transactions

The Term Sheet provides that any change to the Airline Services Agreement (ASA) between Pinnacle and Northwest as in effect at the time of the initial contribution, including any early termination of the ASA by Pinnacle Airlines, must be approved by a majority of Pinnacle Airlines' independent directors, which majority must include the director designated by the Plans. Any other transaction between Pinnacle Airlines and Northwest or one of its affiliates (other than immaterial transactions in the ordinary course of business) that is not pursuant to and in accordance with the ASA is subject to the following requirements:

- Each such transaction must be approved by a majority of the independent directors;
- If the transaction is outside the ordinary course of business and involves more than \$2 million, or if the transaction is in the ordinary course of business and involves more than \$5 million, it must be approved by a majority of the independent directors and, at the request of the director designated by the Plans, a nationally recognized investment banking firm (which may include a "boutique" firm that specializes in airline related matters) must deliver a fairness opinion with respect to such transaction; and
- If the transaction involves more than \$10 million, it must be approved by a majority of the independent directors, which majority must include the director designated by the Plans.

Transfer Restrictions and Early Termination Events

The Term Sheet provides that until July 1, 2006, or such earlier date on which Northwest (1) does not, by the latest date to which Northwest may before the closing, purchase, sell to the public in a registered public offering or sell to a third party the Pinnacle Stock held by the Plans as to which the Independent Fiduciary has exercised the Put Option (as described below) or (2) breaches the Omnibus Agreement (and such breach is not cured within 30 days thereafter) (collectively, an "Early Termination Event"), shares of Pinnacle Stock contributed to the Plans may not be transferred other than to Northwest or one of its designated affiliates in accordance with the Put Option described below. Such shares may, however, be transferred in the IPO, as