

immediately available funds representing the amount by which such net proceeds are less than the Put Price. The Plans will at the request of Northwest enter into a customary agreement with respect to such sale. In no event will the Plans be obligated to provide representations and warranties beyond due authorization, good title, no conflicts and the like.

In an IPO that is not triggered by the exercise of the Put Option, if the Plans voluntarily choose to sell less than all of the shares of Pinnacle Stock held by the Plans, and if the net proceeds per share in such offering are equal to or greater than the "Floor Price" (as defined below), the Put Option will expire with respect to the shares retained in the Plans. In addition, if in such offering the net proceeds per share are less than the Floor Price, and the Plans voluntarily choose to sell less than all of the shares of Pinnacle Stock held by the Plans, Northwest's maximum put obligation with respect to the retained shares will be equal to the excess of the Floor Price over the net proceeds per share in such offering.

The Put Option will be suspended if all of the remaining shares of Pinnacle Stock held by the Plans have a "Market Value" (as defined below) not less than 110 percent (110%) of the Floor Price and such shares are "Freely Tradeable." Shares are Freely Tradeable while they are (i) eligible to be sold under Rule 144(k) or (ii) covered during such period by an effective shelf registration statement on Form S-3.

The Put Option will terminate when (i) the Pinnacle Stock held by the Plans is Freely Tradeable, (ii) more than 50 percent (50%) of the outstanding Pinnacle Stock is held by the public and (iii) one of the following applies: (A) If the Plans own less than 10 percent (10%) of the outstanding shares of Pinnacle Stock, the weighted average daily trading price of Pinnacle Stock is 110 percent (110%) of the Floor Price for any 30 trading days within a 60 consecutive trading day period; (B) if the Plans own equal to or greater than 10 percent (10%) and less than 25 percent (25%) of the outstanding shares of Pinnacle Stock, the weighted average daily trading price of Pinnacle Stock is 110 percent (110%) of the Floor Price for any 60 trading days within a 90 consecutive trading day period or (C) if the Plans own equal to or greater than 25 percent (25%) and less than 50 percent (50%) of the outstanding shares of Pinnacle Stock, the weighted average daily trading price of Pinnacle Stock is 110 percent (110%) of the Floor Price for any 90 trading days within a 120 consecutive trading day period. The

time periods are tolled for any black-out or lock-up period.

The "Put Price" as of a particular date will be the greater of (i) the "Floor Price," which is the initial contribution value ascribed to the Pinnacle Stock with respect to which the determination is being made or (ii) the "Market Value" (as described below) of such Pinnacle Stock as of the applicable exercise, closing or other relevant date, unless Northwest has arranged for a sale to the public in an underwritten offering in which case the Put Price will be the initial contribution value ascribed to the Pinnacle Stock as to which the Put Option has been exercised.

In any event, at a time prior to Pinnacle Stock being publicly traded, in connection with a sale to a third party by Northwest in response to the Independent Fiduciary's exercise of the Put Option, the Plans will receive the greater of (i) the initial contribution value, (ii) the fair market value as determined by the Independent Fiduciary at the time of the exercise of the Put Option, or (iii) the proceeds from the sale of Pinnacle Stock held by the Plans sold by Northwest to a third party.

The "Market Value" of the Pinnacle Stock will be (i) if the Pinnacle shares are not then traded on the NYSE or NASDAQ, the greater of the fair market value determined by the Independent Fiduciary on (I) the exercise date or (II) the closing date, (ii) if the Pinnacle shares are then traded on the NYSE or NASDAQ, the greater of (I) the average of the closing price for the Pinnacle shares over the ten trading days prior to the exercise date or (II) the closing price for the Pinnacle shares on the closing date.

Amount Credited to Funding Standard Account

Northwest will cause to be credited to the funding standard account of each Plan an amount equal to the value of the shares of Pinnacle Stock contributed to each Plan as determined by the Independent Fiduciary on the date of the contribution, regardless of the amount of Northwest's deduction for such contribution for federal income tax or any other purpose.

Modification of Draft of ASA

The draft of the ASA should be revised to provide that the acquisition or disposition of shares of Pinnacle Stock pursuant to the terms of the Omnibus Agreement does not constitute a Change of Control (as defined in the ASA).

The draft should also be revised to eliminate the unilateral right of

Northwest to terminate the ASA in the event of the bankruptcy of Northwest. The Applicant also notes that in a Chapter 11 proceeding, a debtor in possession can reject an executory contract (like the ASA). In such an event, the other party to the rejected contract (Pinnacle) would have an unsecured claim for contract damages arising from the rejection of the contract. The Applicant represents that the more likely result in the case of the ASA would be a renegotiation of the contract.

15. In summary, the Applicant represents that the proposed transactions meet the requirements set forth in section 408(a) of the Act since, among other things:

(a) An Independent Fiduciary will represent the Plans' interests for all purposes with respect to the Pinnacle Stock, and will determine, prior to entering into any of the transactions described herein, that each such transaction, including the contribution of the Pinnacle Stock, is in the interests of the Plans;

(c) The Independent Fiduciary will negotiate and approve the terms of any of the transactions between the Plans and Northwest that relate to the Pinnacle Stock;

(d) The Independent Fiduciary will manage the holding and disposition of the Pinnacle Stock and take whatever actions it deems necessary to protect the rights of the Plans with respect to the Pinnacle Stock;

(e) The terms of any transactions between the Plans and Northwest will be no less favorable to the Plans than terms negotiated at arm's-length under similar circumstances between unrelated third parties;

(f) An independent qualified appraiser selected by the Independent Fiduciary will determine the fair market value of the Pinnacle Stock contributed to each Plan as of the date of each such contribution;

(g) The terms of (1) the Put Option granted by Northwest; (2) any exercise of the Put Option by the Plans; and (3) any sale of the Pinnacle Stock by the Plans to Northwest other than through the exercise of the Put Option will be in accordance with the terms set forth in the Term Sheet and the proposed Omnibus Agreement;

(h) Immediately after each contribution, employer securities and employer real property, including the Pinnacle Stock, will represent no more than 10 percent (10%) of the value of each Plan's assets; and

(i) The Plans will not incur any fees, costs or other charges as a result of their