

The IF Report states that on January 15, 2003, Fiduciary Counselors determined that the Master Trust could accept a contribution by Northwest of 1,938,000 shares of Pinnacle Stock, valued at \$43,821,894.00, on behalf of the Contract Plan on terms and conditions set forth in the Omnibus Agreement. Pursuant to its engagement letter with Northwest, the scope of Fiduciary Counselors' engagement includes determining whether to accept the Contribution on behalf of the Plans, and if so, to value the Pinnacle Stock for Plan funding purposes. Fiduciary Counselors' duties also include the discretionary authority to manage the Pinnacle Stock as investment manager.

The IF Report notes that the Independent Fiduciary drew upon the resources of its affiliate, Aon Investment Counseling, Inc. (AIC), to assist it in its financial analysis and valuation of the Pinnacle Stock. The Independent Fiduciary also engaged the law firm of Jones Day as legal counsel to advise it in connection with its negotiations with Northwest regarding its engagement and Eclat, to provide financial expertise and to value the Pinnacle Stock. Eclat furnished to the Independent Fiduciary its report and opinion as to the value of the contributed Pinnacle Stock at the time of the Initial Contribution on January 15, 2003 (January 15, 2003 Valuation). Eclat will furnish a similar valuation report with respect to each subsequent contribution. In negotiating the terms of the Contributions and determining whether to accept the Initial Contribution, the Independent Fiduciary, with its financial advisors and legal counsel, reviewed those documents that it deemed relevant, participated in meetings and telephone conferences with officers and other representatives of Northwest, and considered aspects of the Contribution that it deemed pertinent to its engagement, including without limitation Northwest's current and future ability to honor the Put Option. Because the value of the Pinnacle Stock is based on the financial performance of

Pinnacle, the Independent Fiduciary reviewed and considered the business of Pinnacle, and the contractual relationship between Pinnacle and Northwest. The Independent Fiduciary and its advisors also met with the senior officers of Pinnacle.

The Independent Fiduciary and its advisors reviewed various documents relevant to the Contribution, including without limitation, Northwest's certificate of incorporation; Northwest's corporate bylaws; the certificate of incorporation of Pinnacle; the Master Trust agreement pursuant to which the Plan assets are currently held and managed; audited financial statements of the Plans for 2000 and 2001; the current Plan documents; the Plans' annual reports on Forms 5500 for 2000 and 2001; other information provided by Northwest regarding the Plans' assets (including the Plans' investment guidelines and portfolio composition); a statement prepared by the Plans' actuaries of the Plans' liquidity needs to pay benefits and administrative expenses in the near future and the sources of funds (other than the Pinnacle Stock) available to satisfy such liquidity needs; and certain of Pinnacle's collective bargaining agreements. In addition, the Independent Fiduciary reviewed a number of other documents, including SEC Form S-1 filed with the Securities Exchange Commission on February 25, 2002 registering shares of Pinnacle Stock for an IPO and the Airline Services Agreement dated March 1, 2002. As a result of its review, certain changes were incorporated in the new Airline Services Agreement entered into on January 14, 2003 (ASA).

The IF Report provides that the Independent Fiduciary and its advisors participated in numerous telephone conferences with representatives of Northwest and Pinnacle through November, December and early January concerning the Independent Fiduciary's engagement, the proposed Contribution, the status of Northwest's minimum funding waiver applications to the Internal Revenue Service and the Proposed Exemption. On January 11, 2003, the Independent Fiduciary and its advisors conducted a telephone interview with Pinnacle's chief executive officer and chief financial officer as part of its due diligence.

The Independent Fiduciary and its advisors analyzed the voting, transfer and put right features of the Pinnacle Stock and engaged in significant negotiations on those features with Northwest. The Independent Fiduciary was also advised on the requirements of the U.S. Department of Transportation

regarding restrictions on directors of airlines. In its determinations, the Independent Fiduciary has also taken into account Northwest's request for a minimum funding waiver with respect to Plan contributions in 2003 and 2004, and considered the likelihood that such waiver will be granted.

The IF Report states that under the ASA, Northwest has committed 95 regional jet aircraft financed by Bombardier to be delivered to Pinnacle by December 31, 2004. As of December 31, 2002, the carrier had taken possession of 51 regional jets. The addition of the regional jets has more than doubled the size of the airline. According to the IF Report, Eclat estimates that Pinnacle's value to the Northwest domestic system is between \$520 million and \$540 million annually as the carrier exists today. Pinnacle itself had revenues of approximately \$345.2 million for 2002.

The IF Report explains that, because Pinnacle's operations are so entwined with Northwest's, Eclat evaluated Northwest as well as Pinnacle in its November 27, 2002 report to the PBGC (The Eclat Report). Despite the turmoil in the industry in recent years, Eclat felt that Northwest has emerged as, perhaps, the most stable airline in the industry. While all of the "Big 6" network airlines are losing money, Northwest has suffered the smallest loss of any carrier. Northwest reported a net loss of \$46 million, with operating income of \$8 million in the 3rd quarter of 2002. Northwest ended the 3rd quarter with over \$2.5 billion in cash and short-term receivables.

The IF Report notes that Northwest is a global carrier through its alliance with KLM and its Amsterdam hub, and its own hub in Tokyo. While the U.S. market has suffered tremendous losses due to the slowdown in the U.S. economy and the terrorist attacks of 9/11, the global market has rebounded much quicker. Northwest's presence in international markets has helped offset the losses in the U.S. domestic market. As with all domestic U.S. carriers, Northwest has been hit by the drop in revenue due to lower overall yields and depressed passenger levels. The drop-off in premium passenger traffic, the weak U.S. economy, and the increased presence of low-cost carriers has impacted the ability of the network carriers to generate high yield revenue. Through reduced employment levels and other cost-cutting measures, Northwest has been able to minimize the ongoing impact of reduced revenue levels, which the Independent Fiduciary believes are likely a permanent change in the industry. The labor situation is

capital stock of Pinnacle Airlines, Inc. Pursuant to the transaction, Pinnacle Airlines, Inc. declared and paid to NWA a dividend consisting of a promissory note payable to the order of NWA in the aggregate principal amount of \$200 million. NWA then transferred the shares of Pinnacle Airlines, Inc. to Pinnacle in exchange for its issuance to NWA of (i) 15,000,000 shares of Pinnacle's common stock, par value \$0.01 per share (Pinnacle Stock), and one share of Series A Preferred Stock, par value \$0.01 per share, of Pinnacle (the "Series A Preferred Share"), which, upon issuance and together with the Pinnacle Stock, constitutes all of the issued and outstanding capital stock of Pinnacle. NWA then transferred the Pinnacle Shares and the Series A Preferred Share to Northwest as a contribution to the capital of Northwest.