

continue as President of Fiduciary Counselors and, as majority shareholder of Fiduciary Group, will continue to control management decisions with respect to Fiduciary Counselors. Ellen A. Hennessy will continue to be the primary person at Fiduciary Counselors handling its responsibilities as independent fiduciary to the Northwest Airlines defined benefit plans.

Fiduciary Counselors adds that AIC, which remains a subsidiary of Aon, will continue to act as advisor in connection with this engagement. There will be no change in their personnel assigned to this engagement or in the manner in which the fees are split between the two organizations.

As described in the Fiduciary Counselors letter to the Department on January 6, 2003, Northwest has agreed to pay Fiduciary Counselors an annual fee that covers both the independent fiduciary and investment management services provided by Fiduciary Counselors and the investment advisory services provided by AIC. The initial fee was remitted directly to Aon Consulting, Inc., then a parent company of both Fiduciary Counselors and AIC. Aon Consulting internally allocated 25% of the fee to Fiduciary Counselors, which comprised less than 5% of its annual gross revenue in 2002. In connection with the change in ownership of Fiduciary Counselors, Fiduciary Counselors and AIC have agreed that future payments will be allocated in the same proportions. Payment will be made to Fiduciary Counselors, which will remit 75% to AIC. Based on current client engagements, Fiduciary Counselors anticipates that the portion retained by it will comprise less than 5% of Fiduciary Counselors' gross revenue for 2003.

Fiduciary Counselors asserts that the sale of Fiduciary Counselors will, if anything, increase their independence. As reflected in the Proposed Exemption, another Aon affiliate does provide non-plan services to Northwest, albeit services representing less than 1% of Aon's total annual revenue. In contrast, under its new ownership, neither Fiduciary Counselors nor any affiliate will accept any other engagement from Northwest while it is independent fiduciary for the Plans.

Termination of the Independent Fiduciary Agreement

The Department notes that the Preamble to the Proposed Exemption stated that either party may terminate the Independent Fiduciary Agreement for any reason upon 60 days notice and that the Agreement may be terminated

immediately for cause. As further noted in the Preamble, the parties to the Agreement shall notify the Department within 30 days of any decision regarding the resignation, termination or change in control of the Independent Fiduciary. The Department wishes to clarify that any replacement Independent Fiduciary must be acceptable to the Department and must assume its responsibility prior to the effective date of the removal of the predecessor Independent Fiduciary.

Northwest and ALPA Agreement Regarding Pinnacle Stock

On June 27, 2003, ALPA and Northwest provided the Department with a Letter of Agreement between Northwest and the Northwest airline pilots represented by ALPA (the Letter Agreement) regarding the acquisition and holding of Pinnacle stock by the Northwest Pension Plan for Pilot Employees (the Pilot Plan). ALPA and Northwest informed the Department that the Letter Agreement will be executed by the parties in connection with a proposed voluntary contribution of Pinnacle Stock (described below).

The Letter Agreement provides that:

1. Northwest will make a voluntary contribution to the Pilot Plan on or before September 15, 2003 so that the funded current liability percentage for the Plan is at least 80% for the 2003 Plan Year. This voluntary contribution will eliminate the funding requirements under the Code and ERISA for the 2003 Plan Year that would otherwise be payable with respect to the Pilot Plan.

2. The voluntary contribution to the Pilot Plan will consist entirely of Pinnacle Stock. At the time the voluntary contribution is made to the Pilot Plan, Northwest also will contribute Pinnacle Stock to the Salaried Plan in an amount such that the amount of the Pinnacle Stock held by the Salaried Plan equals the required minimum funding contribution due under ERISA and the Code on September 15, 2003. Any remaining Pinnacle stock will then be contributed to the Contract Plan.

3. The Pinnacle Stock contributed to the Pilot Plan will be held in a separate, segregated subaccount of the Master Trust and held for the exclusive benefit of the Pilot Plan. Contributions of Pinnacle Stock to the Salaried Plan and the Contract Plan will likewise be held in a separate segregated subaccount of the Master Trust and held for the exclusive benefit of each respective plan.

4. Northwest will obtain an amendment of the Omnibus Agreement so that the Independent Fiduciary will

have first priority to sell Pinnacle Stock in an initial public offering, if certain conditions exist.

5. The Contract Plan, the Salaried Plan and the Pilot Plan will have the same registration rights provided in the Omnibus Agreement dated January 15, 2003 between Pinnacle Airlines Corp., Northwest and Fiduciary Counselors.

6. Northwest may not terminate Fiduciary Counselors as the Independent Fiduciary without the consent of ALPA and may not appoint a new Independent Fiduciary without the consent of ALPA. The Independent Fiduciary will have the sole responsibility to determine whether to acquire, hold or dispose of Pinnacle Stock on behalf of the Plans and whether to exercise the Put Option with respect to Pinnacle Stock.

7. The monthly contributions required to be made to the Pilot Plan pursuant to the pilot collective bargaining agreement are waived for the 2004 and 2005 Plan Year.

As described in the Proposed Exemption, the current provisions of the Pilot Plan and the pilot collective bargaining agreement prohibit the Pilot Plan from acquiring or holding employer securities. Without modifications to the pilot collective bargaining agreement, the Proposed Exemption contemplated that the other two Plans would receive a contribution of Pinnacle Stock in an amount equal to the maximum amount permitted under section 407(a)(2) of ERISA, while the Pilot Plan would receive no contributions of Pinnacle Stock.

ALPA represents that it recognizes the need for Northwest to preserve liquidity so ALPA has agreed to modify the collective bargaining agreement and the Pilot Plan to permit the Pilot Plan to acquire and hold employer securities through a voluntary contribution to the Pilot Plan. The Proposed Exemption contemplates both voluntary and required contributions to the Northwest Plans, as did the Application filed by Northwest on November 6, 2002 and the Omnibus Agreement.

Northwest and ALPA assert that the voluntary contribution gives Northwest the liquidity it needs, and thereby the ability to maintain all of its Plans, by eliminating the funding requirement for the Pilot Plan for the 2003 Plan Year, possibly reducing the funding requirements for future plan years, and by waiving the monthly contribution requirement under the pilot collective bargaining agreement for the 2004 and 2005 Plan Years. The Pilot Plan and its participants benefit from the voluntary contribution by providing an early contribution of an asset with significant