

SECTION B

Proposed Financing Commitments

Representatives of the State and Northwest Airlines have reached proposed agreements on various basic documentation required for the financings described in this report and such agreement is intended to be embodied in a Master Financing Agreement (described in this report) which commits the State to use its best efforts to issue the revenue bonds described below in return for Northwest Airlines leasing the Duluth and Chisholm Hibbing facilities.

All Proposed State, Metropolitan and Local Government Financial Commitments

Duluth Maintenance Facility. Chapter 350 authorizes the Commissioner of Finance to sell up to \$250 million of State revenue bonds for the Duluth Facility. It is expected that the full \$250 million in revenue bonds will be sold. The bonds would be sold in more than one series to provide cash flow as needed for the design and construction of the facility.

The \$250 million of revenue bonds would be sold in four types:

1. \$125 million of bonds supported by a general obligation pledge of the State of Minnesota. (The State Guaranteed Bonds)
2. \$12.6 million of bonds supported by a general obligation pledge of St. Louis County. (The County Backed Bonds)
3. \$64.8 million of First Mortgage Bonds supported only by the lease payments of Northwest Airlines.
4. \$47.6 million of bonds supported by the City of Duluth. (The Duluth Backed Bonds)

Proceeds of the first three types will be loaned on a nonrecourse basis to the Metropolitan Airports Commission who will apply the proceeds (net of reserves, capitalized interest and cost of issuance) to costs of the Duluth Facility. MAC will lease the facility to Northwest Airlines. The first three types of bonds would first be supported from the lease payments by Northwest Airlines. In the event of a default by Northwest, the pledge of the State and St. Louis County would be drawn upon to make the payments of debt service to the holders of types 1 and 2 bonds. Proceeds of the First Mortgage Bonds would be granted to MAC and such bonds would be secured only by the lease payments of Northwest without any governmental credit support.

The bonds supported by the City of Duluth would not be supported by the lease payments from Northwest. Duluth will be providing for the full debt service on the \$47.6 million of bonds primarily from: (1) tax increment generated by the facility and, if such increment is insufficient, tax increment available from certain other tax increment financing districts in Duluth; (2) Duluth sales taxes; (3) a payment in lieu of taxes based on 5 percent of certain Duluth utility revenues; (4) franchise fee payable by Minnesota Power and Light Company; and (5) any other funds selected by the City of Duluth.

The Duluth Facility will be located on land owned by Duluth and leased pursuant to a ground lease to the Metropolitan Airports Commission, who will be obligated to construct the Duluth Facility to the extent the State or Northwest Airlines provides funds.

The Duluth Facility (subject to the ground lease) will be mortgaged to the bond holders as collateral in the following priority.

1. The First Mortgage Bonds.
2. The State Guaranteed Bonds.
3. The loan from the State to MAC of proceeds from the State Guaranteed Bonds.
4. The County Backed Bonds.
5. The obligation of Northwest Airlines (and its parents) to reimburse the County for payments by the County on the County Backed Bonds.
6. The Duluth Backed Bonds.

Chapter 350, Article 1, Section 2, Subdivision 2(b) requires the Commissioner of Finance to include in the financing arrangements a 125 percent collateral coverage test for the bonds secured by the State's general obligation bond pledge. This test has been met by a pledge from Northwest Airlines to maintain at all times following completion sufficient collateral to meet the 125 percent coverage. As described in the term sheets, the State will initially be secured by a pledge of \$65 million in additional collateral for the Duluth Facility and \$35 million for the Hibbing Facility. This collateral (international air route authority between Minneapolis and London and between Detroit and Paris) will only be released when development is completed, or after five years, but only when the value of the facilities and any other pledged collateral are determined to support the 125 percent coverage test. The collateral test may be met in part by a participating lien on the MAC collateral pool to the extent required to satisfy the 125 percent test.

To facilitate Northwest Airline's use of the Duluth Facility, the City of Duluth will commit in a Development Agreement to cause the clean up of certain environmental hazards existing at the site and to provide, at its cost, certain offsite improvements such as roadways and related intersection modifications, and water, sanitary sewer and gas mains brought to the boundaries of the land. The environmental clean up costs are expected to be funded by federal funds. The offsite developments are expected to cost \$8,388,000, which will be funded by \$4,588,500 of City funds and the balance from other sources. (See Section E)

Chisholm Hibbing Repair Facility. Chapter 350 authorizes the Commissioner of Finance to sell up to \$100 million of State revenue bonds for the Chisholm Hibbing Facility. The agreement would result in the full \$100 million in revenue bonds being sold. The bonds would be sold in more than one series to provide cash flow as needed for the design and construction of the facility.

The Chisholm Hibbing Facility will be located on land owned by Chisholm and Hibbing and ground leased to the Chisholm Hibbing Airports Commission (CHAC), who will be obligated to construct the facility to the extent the State or Northwest Airlines provides funds. CHAC will enter into a joint powers agreement with MAC pursuant to which MAC will assist CHAC. The \$100 million of revenue bonds would be sold in three types:

1. \$50 million of bonds supported by the general obligation pledge of the State of Minnesota.
2. \$15 million of bonds supported by St. Louis County.
3. \$35 million of bonds supported only by the lease payments of Northwest Airlines.

Proceeds of all bonds would be loaned on a nonrecourse basis to the CHAC who will apply the net proceeds to costs of the facility. The CHAC will lease the facility to Northwest Airlines. The three types of bonds would first be supported by the lease payments by Northwest Airlines. Upon a default by Northwest, the pledge of the State and St. Louis County would be drawn upon to make the payments of debt service to the bond holders of type 1 and type 2. The type 3 bonds are secured for payment only by the lease payments of Northwest.

The total costs of the facility are expected to exceed the \$100 million maximum. Northwest Airlines is responsible for funding any costs in excess of available bond proceeds. Such excess is presently expected to be approximately \$30 million. If necessary, it is expected that the IRRRB could be the issuer of additional type 3 bonds, which will be supported only by the lease payments of Northwest and the mortgage.

As a financial incentive to Northwest Airlines to locate the engine repair facility at the Chisholm Hibbing Airport, the IRRRB, St. Louis County, the City of Hibbing and the City of Chisholm have reached an understanding to pay the first 18 months of lease payments on the facility or an equivalent amount of construction costs for Northwest. This will be accomplished with two sources of funds. First, the IRRRB will make cash contributions of up to \$10 million. Second, a tax increment district will be established on the site of the facility and the incremental tax revenue will be used to pay the debt service on tax increment bonds having net proceeds of up to \$10 million. The proceeds of the tax increment bonds would be used in addition to the \$10 million contribution of IRRRB. The tax increment would be secured by general obligation pledges of St. Louis County (60%), the City of Hibbing (35%) and the City of Chisholm (5%). In the alternative, the IRRRB grant of \$10 million may be applied directly to construction costs.

The Chisholm Hibbing facility, subject to the ground lease, will be mortgaged to the bond holders in the following order:

1. The First Mortgage Bonds.
2. The State Guaranteed Bonds.
3. The loan from the State of proceeds from the State Guaranteed Bonds.
4. The County Backed Bonds.
5. The obligation of Northwest Airlines (and its parents) to reimburse the County for payments by the County on the County Backed Bonds.

Chapter 350, Article 1, Section 2, Subdivision 2(b) requires the Commissioner of Finance to include in the financing arrangements a 125 percent collateral coverage test for the bonds secured by the State's general obligation bond pledge. This test has been met by an initial collateral deposit and an on-going collateral pledge and other commitments by Northwest Airlines similar to that described for the Duluth Maintenance Facility.

To facilitate Northwest Airline's use of the Chisholm Hibbing Facility, Hibbing, Chisholm and St. Louis County will commit in a Development Agreement to certain offsite improvements such as waterline and sewerline improvements, road and drainage improvements and certain airport related improvements. These costs are estimated at \$7,906,360. (See Section E)

The IRRRB has committed to provide credit security to bonds or other debt to be issued by Northwest Airlines. The amount of the commitments is \$10 million. This commitment would be utilized, under certain circumstances, should Northwest Airlines default on these bonds.

Financial Assistance to be Provided

In addition to the financial assistance discussed earlier, Northwest Airlines will receive financial assistance from certain job credits and sales tax exemptions.

Duluth Maintenance Facility. Most of the \$250 million of revenue bonds to be sold for the Duluth facility will qualify as tax exempt bonds under the federal tax code. The lower interest rate available on tax exempt bonding and as a result of a higher credit rating (except for the First Mortgage Bonds) will be passed on to Northwest in the form of lower lease payments. The difference between the cost of a tax exempt financing and a taxable financing represents a public subsidy. Based upon estimated interest rates and the proposed bond financing plan, the present value of this subsidy is estimated to be \$113 million.

Chapter 350, Article 1, Section 18, Subdivision 24 provides a credit for job creation at the Duluth facility. Based upon the 1000 minimum number of jobs expected to be ultimately maintained by Northwest, and the salary levels of these jobs, the maximum credit available to Northwest is \$25 million.

Chapter 350, Article 1, Section 19 provides for an exemption from the sales tax for materials, equipment, and supplies used in the construction of the Duluth Facility. Based upon the estimates of the dollar amount of materials, equipment and supplies, the maximum amount of the sales tax credit available to Northwest Airlines is estimated at \$7 million.

Chisholm Hibbing Repair Facility. The \$100 million of revenue bonds to be sold for the Chisholm Hibbing facility will be sold as taxable bonds. Therefore, there is no tax-related interest differential subsidy as with the Duluth facility. However, since a portion of the bonds are supported by the state and St. Louis County, the interest rate will be lower than if the bonds were sold directly by Northwest. Based upon estimated interest rates and the proposed bond financing plan, the present value of this subsidy is expected to be \$25 million.

Chapter 350, Article 1, Section 18, Subdivision 24 provides a credit for job creation at the Chisholm Hibbing facility. Based upon the 500 minimum number of jobs expected to be ultimately maintained by Northwest, and the salary levels of these jobs, the maximum credit available to Northwest is \$12.5 million.

Chapter 350, Article 1, Section 19 provides for an exemption from the sales tax for materials, equipment, and supplies used in the construction of the Chisholm Hibbing facility. Based upon the estimates of the dollar amount of materials, equipment and supplies, the maximum amount of the sales tax credit is estimated at \$2 million.



SECTION C

Detailed Description of the Projects and Facilities to be Financed by the Bonds

Duluth Maintenance Facility. The Project is a heavy maintenance facility for advanced generation wide and narrow body aircraft. The Project will be constructed in two phases.

The Project includes a total of four hangars designed to make use of flexible overhead maintenance docks and sized to accommodate aircraft as large as the 747-400. The hangars will be supported by shops included in the hangar areas and nonattached building areas. Shops for sheet metal, seats, parts storage, inspection and testing and engine staging and repair will be included in the hangars. The building areas that need not be included in the hangars include a machine shop, a composite shop, a component paint shop, a tool calibration shop, a rigging shop, an electronics/avionics shop, a radio/audio/instrument shop, a pneumatic/hydraulic shop, stores and office functions.

A schematic drawing of the hangars and other building areas is attached, which schematic drawing identifies the exterior structural areas to be included in Phase I.

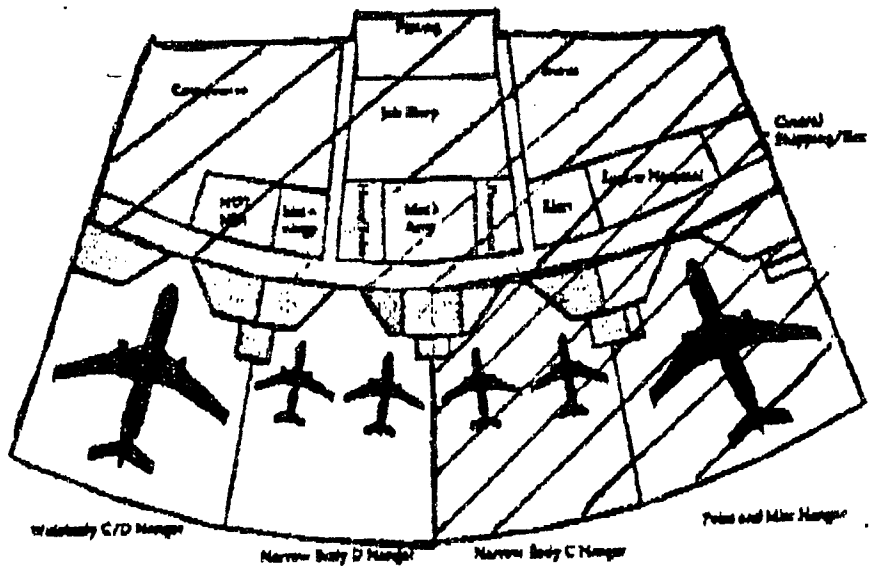
In addition to the hangars and support building areas, the land will be improved to include an aircraft ramp; fuel farm areas to handle storage of water, fuel and heating oil; waste treatment facilities for industrial waste treatment and collection and containment systems; and parking areas.


Chisholm Hibbing Repair Facility. The Project will be designed primarily for use as an aircraft engine facility. It may also be designed so as to be capable of use for component repairs and may include facilities subordinate and related to the above described facilities. The Project will consist of a single building with a footprint of approximately 345,000 square feet and encompassing approximately 375,000 gross square feet of work area.

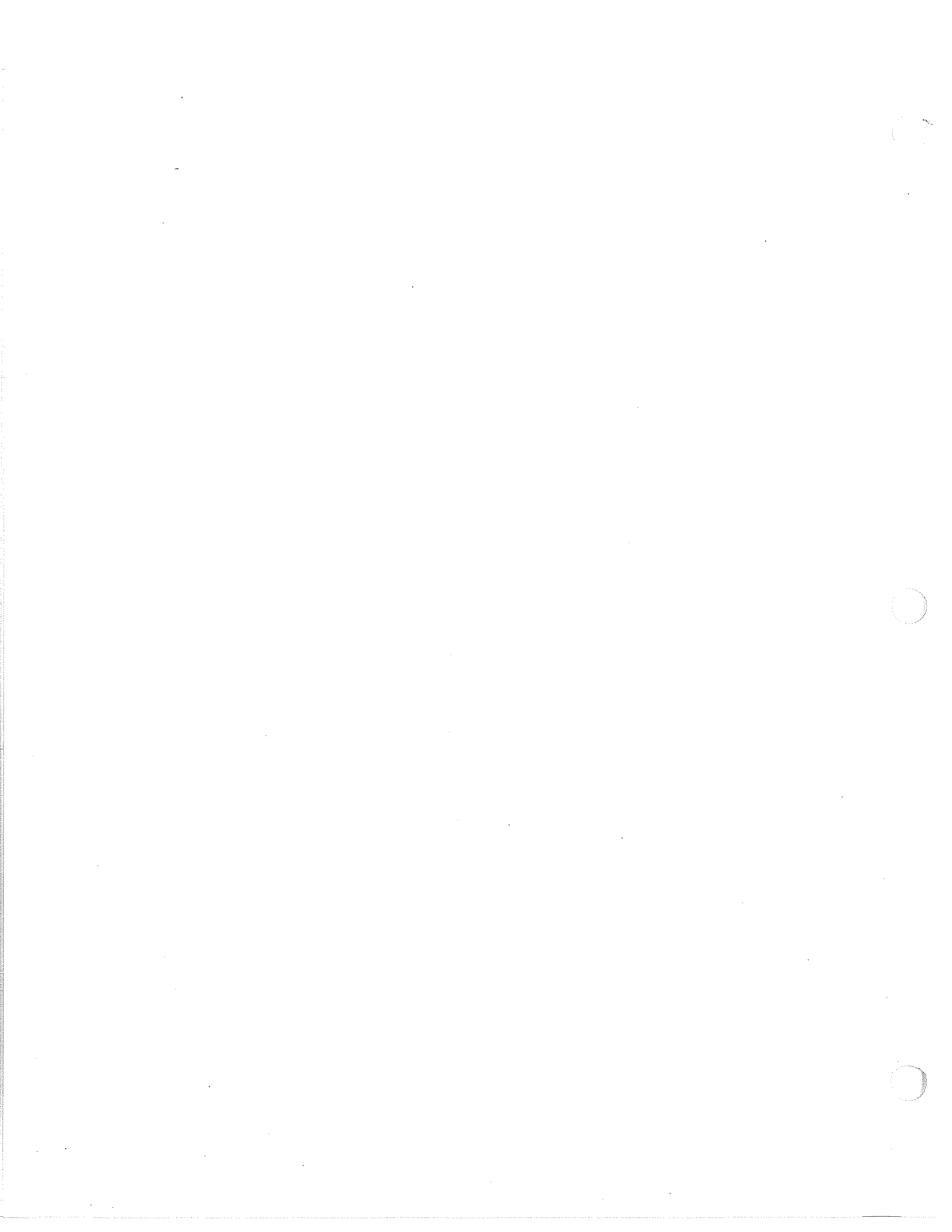
A schematic drawing of the Project is attached, which schematic drawing identifies the key components of the Project, including the test cell, plating shop, machine shop and the heat treat, focused module, engine disassembly/assembly and storage areas.

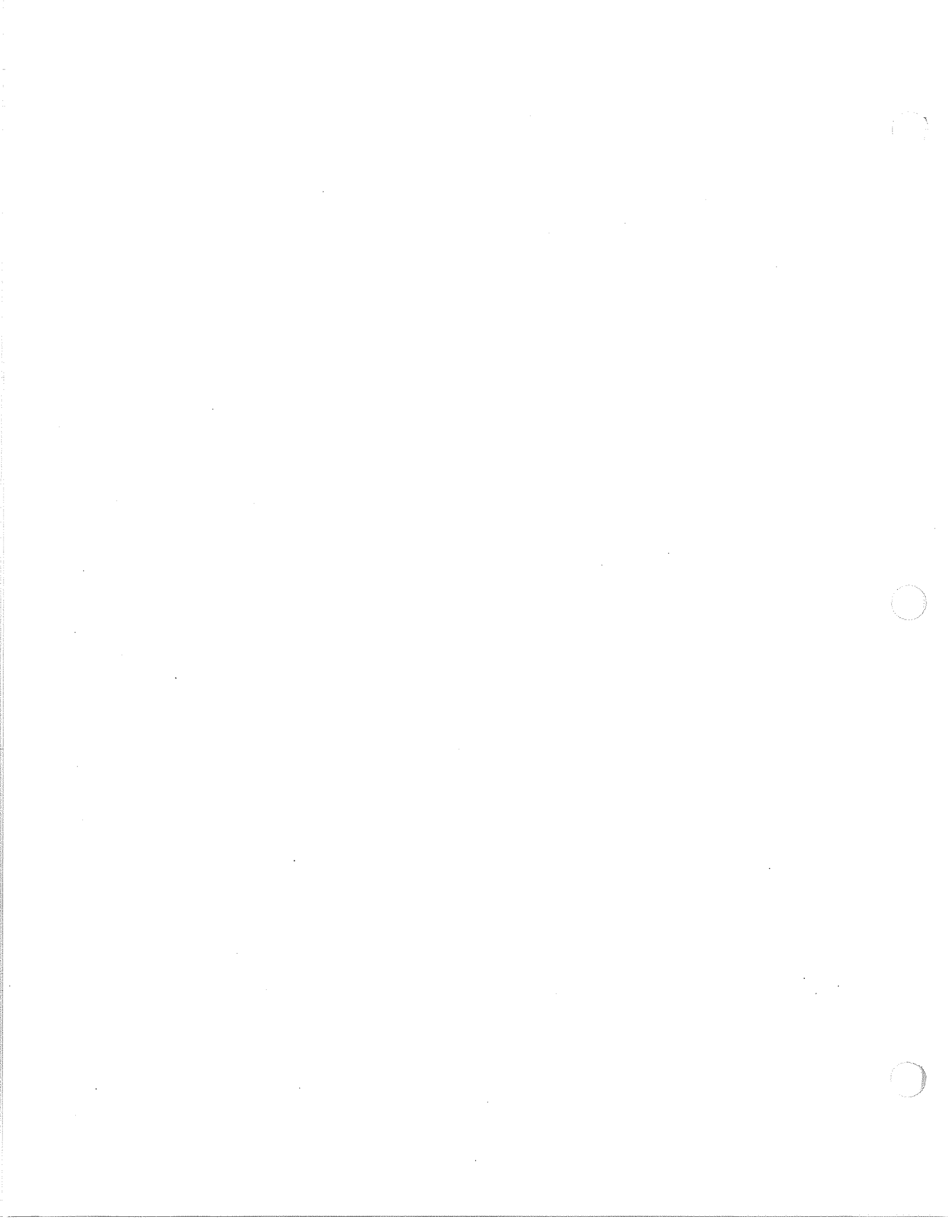
In addition to the building, the land will be improved to include parking areas, central plant maintenance facilities, treatment facilities as necessary and fire protection and fuel storage facilities.

Schematic Drawing



 = Phase I Exterior Structural Areas





SECTION D

Proposed Loan, Lease and Revenue Agreements

Duluth Maintenance Facility. Bond proceeds other than from the Duluth Backed Bonds will be loaned to MAC on a non recourse basis. Each loan is intended to be repaid from Northwest Airlines payments under the Lease and MAC will not be liable for repayment. The loans will be made pursuant to loan agreements with terms that correspond to Northwest's obligations under the Lease. The loan of proceeds from the State Guaranteed Bonds will be secured by guaranties of the parents of Northwest Airlines and a mortgage on the MAC's interest in the Duluth Facility (and a corresponding assignment of leases and rents) which is subordinated to any mortgage securing the First Mortgage Bonds or State Guaranteed Bonds. MAC will enter into a lease and Northwest will be directed to deposit rent payments with the trustee to pay the bonds. A summary of the Lease is attached.

The Duluth Backed Bonds will be payable from City revenues pledged pursuant to a Payment-and-Pledge Agreement, a summary of which is attached.

The County Backed Bonds are secured by a back-up pledge of County credit pursuant to a County Guaranty Agreement, a summary of which is attached.

Chisholm Hibbing Repair Facility. Bond proceeds will be loaned to Chisholm Hibbing Airports Commission on a non recourse basis. Each loan is intended to be repaid from Northwest Airlines payments under the Lease and CHAC will not be liable for repayment. The loans will be made pursuant to loan agreements with terms that correspond to Northwest's obligations under the lease. The loan of proceeds from the State Guaranteed Bonds will be secured by guarantees of the parents of Northwest Airlines and a mortgage on the CHAC's interest in the Chisholm Hibbing Facility (and a corresponding assignment of leases and rents) which is subordinated to any mortgage securing the First Mortgage Bonds or State Guaranteed Bonds. Northwest will be directed to deposit rent payments with the trustee to pay the bonds. A summary of the Lease is attached.

The County Backed Bonds are secured by a back-up pledge of County credit pursuant to a County Guaranty Agreement, a summary of which is attached.



3/17/92

SUMMARY OF MASTER FINANCING AGREEMENT

Background. On or before March 30, 1992, it is expected that a Master Financing Agreement will be entered into concurrently with the execution with respect to each of the Duluth Facility and Hibbing Facility of a Development Agreement, Ground Lease and Lease. These documents will evidence the basic commitment of all parties to go forward with the financings. The Ground Lease creates a long term lease of each airport site to the applicable airport commission. The Development Agreement evidences the obligations of Northwest Airlines, Inc. ("NAI") and the applicable airport commission to design, bid for contracts and to contract for the construction of the applicable facility. Each Lease between the applicable airport commission and NAI establishes the obligation of the airport commission to construct the applicable facility in accordance with plans and specifications developed according to the Development Agreement, provided that the airport commission has no obligation to construct the facility if amounts are not loaned or granted to the commission or NAI does not provide funds in addition to those contemplated to be available from Bond Proceeds. Finally, under the applicable Lease, NAI is required to pay rent ("Basic Rent") in amounts sufficient to timely pay all scheduled payments of principal and interest due on all State Guaranteed Bonds, County-Backed Bonds and First Mortgage Bonds.

The Master Financing Agreement will be entered into among the State of Minnesota, NAI, NWA, Inc. and Wings Holding Inc.

Concurrent Documents. The Master Financing Agreement acknowledges that on the same date of its execution, certain "Concurrent Documents" are issued, which documents include, among other documents, the Development Agreements, Ground Leases, and Leases.

Derivative Documents. The State is required to use its best efforts to cause certain "Derivative Documents" to be timely prepared. The Derivative Documents are documents which are to be derived from certain "Approved Forms" attached to the Master Financing Agreement, with such changes as are necessary or are reasonable to adapt the Derivative Document to the applicable transaction to which it relates, or to correct errors or inconsistencies. The State is required to use its best efforts to cause Derivative Documents to be executed and delivered by all parties (other than NAI, NWA and Wings) in accordance with closing dates set forth in a "Bond Closing Schedule" attached to the Agreement. NAI, NWA and Wings agree that they shall execute and deliver Derivative Documents on the applicable closing dates.

Non-Derivative Documents. The State is required to use its best efforts to cause "Non-Derivative Documents" to be prepared consistent in all material respects with the "Bond Term

Sheets" attached to the Agreement. The State is also required to use its best efforts to cause the Non-Derivative Documents to be executed by all parties (other than NAI, NWA and Wings) in accordance with the Bond Closing Schedule. NAI, NWA and Wings agree to execute such documents on the applicable closing dates.

Issuance of Bonds. The State agrees to use its best efforts to issue Bonds in accordance with the Bond Closing Schedule. If the State fails to issue Bonds in accordance with the schedule for any reason, other than an Excused Delay, NAI may give a notice to the State (a "NAI Notice"). An "Excused Delay" means, in general, a delay in issuance of the Bonds if (i) the delay is caused by an Unavoidable Delay (as defined in the applicable Development Agreement) not to exceed 90 days; (ii) the Bonds for which issuance is delay are not then required for payment of Costs of Issuance or Project Costs as reasonably determined by NAI and the State; or (iii) the State has suspended performance or terminated its obligations under the Master Financing Agreement.

If the general obligation bonds in the amount of \$270,000,000 contemplated to be issued by the Metropolitan Airports Commission are not issued by April 30, 1992, or if the State does not issue any of the Bonds (or otherwise provide amounts in lieu of the proceeds thereof) within 90 days after the receipt of the NAI Notice described above, then NAI, NWA and Wings are excused from their obligations under all "Transaction Documents" relating to the Hibbing Facility and Duluth Facility, and such documents will be terminated, with certain exceptions.

Exceptions to Issuance. The State will have no obligation to issue any Bonds or proceed with preparation of any documents if (i) a default by NAI, NWA or Wings has occurred under the Agreement, (ii) legal proceedings call into question the validity of any Bonds or the tax-exempt status of interest on any tax-exempt Bonds, (iii) any documents or proceedings are not satisfactory in all respects to bond counsel or the Attorney General, or (iv) bond counsel shall not deliver an unqualified opinion as to the validity of the Bonds. However, if the State does not issue any Bonds or deliver documents as a result of any foregoing exceptions (other than due to defaults), NAI will have the right to terminate its obligations under all Transaction Documents.

State as Beneficiary to Transaction Documents. The State is expressly declared to be a beneficiary of each and every Transaction Document and entitled to enforce any obligations of NAI, NWA or Wings thereunder or seek any other remedy available in law or in equity as though the State were an express signatory thereto.

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SUMMARY OF LEASE (DULUTH FACILITY)

Capitalized terms not herein defined or required by proper grammar to be capitalized are used with the meanings ascribed thereto in the Lease.

Term of Lease. The lease of the Premises (buildings and land) will have an Initial Term equal to the term of the longest Outstanding Bonds. Each item of Leased Equipment will have a separate lease term which, due to tax law considerations, will not exceed 78% of the useful life of such item. Upon expiration of the term for the Premises, Northwest Airlines, Inc. ("NAI") has the option to extend the lease of the Premises for an additional 10 years by payment of rentals determined by negotiation or by a panel to be fair market rent.

Possession and Use. NAI may take possession of the Premises and the Leased Equipment financed by the Bonds upon completion of Phase I or any earlier date approved by the Metropolitan Airports Commission ("MAC").

Construction of the Project. MAC agrees to construct Phase I and Phase II of the Project as it relates to the Premises and Leased Equipment. However, such obligation is subject to acts of God and similar acts preventing construction, as well as the availability of proceeds from the Bonds ("Bond Proceeds") to pay Project Costs. MAC agrees to use its best efforts to obtain Bond Proceeds from the State.

NAI is required to pay all costs incurred for the Project to the extent any Bond Proceeds and investment income thereon are not sufficient to fund the Project. Further, if at any time MAC in good faith determines that undisbursed amounts of Bond Proceeds and anticipated investment income thereon are not sufficient to complete Phase II of the Project, NAI is required to pay the shortfall.

Rent Payments. After occupancy, NAI is required to pay Basic Rent on the second business day prior to each Scheduled Bond Payment Date in an amount equal to the bond payments due on such date, and an amount by which any Reserve Fund established for the Bonds is less than its required level. As Additional Rent, NAI is required to pay amounts required to be rebated of interest on Bond Proceeds, amounts due under the Ground Lease with Duluth, all taxes and fees of a trustee and the Servicer. All payments of Basic Rent to pay bonds will be deposited with the Servicer who will allocate such amounts for payment of the various classes of Bonds pursuant to the Servicing Agreement. The obligation of NAI to make such rent payment is absolute and unconditional.

Payment of Taxes. NAI must pay all taxes with respect to the Project. NAI will have the right to contest taxes under certain conditions.

Maintenance of Project. NAI is required at its own expense to maintain and service all Project Equipment and to keep the Premises in good condition and repair.

Alterations. NAI is required to make all modifications of the Project to the extent required by law. NAI may make modifications and replacements in addition to Leased Equipment which NAI deems desirable in a proper conduct of its business to the extent not inconsistent with the continuing operation of the equipment in accordance with the Act and does not reduce the economic life or value or utility of the Leased Equipment or the Project as a whole. NAI may also make changes to the Premises not inconsistent with the Act and the provisions of the Act which do not reduce the economic life of any buildings.

Insurance. NAI is required to maintain a variety of insurance policies insuring the Project. NAI is allowed to maintain deductibles on its insurance and self-insure its risks at specific levels in certain circumstances.

Damage or Destruction. In the event of damage or destruction to the Premises, any Net Proceeds received from insurance less than \$1,000,000 (adjusted for cost of living increases) are required to be applied to restore the Premises. In all other cases, such insurance proceeds must be deposited in an account held by Servicer for disbursement to restore the Premises. In the event of damage to Leased Equipment, Net Proceeds less than \$1,000,000 (adjusted for cost of living increases) may be retained by NAI and applied to restore such Leased Equipment. Net Proceeds in excess of such amount are required to be deposited in the Insurance and Award Account for payment of restoration costs.

Condemnation. If condemnation of all or a portion of the Project occurs, condemnation awards are required to be applied to restore the Project or to prepay rent. Proceeds in excess of \$1,000,000 (adjusted for cost of living increases) are required to be deposited in the Insurance and Award Fund for disbursement.

Additional Obligations of Northwest. NAI may not permit liens on the project to exist, except for certain exceptions. NAI must annually furnish to MAC and the Servicer certain information regarding maintenance of and alterations to the Premises and Leased Equipment, financial reports modeled after those required of a reporting company under the Securities Exchange Act of 1934, and a statement of compliance with NAI's obligations under the Lease. NAI is also required to comply with all its obligations under various documents related to the MAC financing.

Maintenance of NAI Existence. NAI has agreed that it shall remain throughout the lease term as a duly organized Minnesota corporation and that it shall not consolidate with or merge into another Person or dispose of all or substantially all of its assets unless the Person resulting from such consolidation or merger or who receives such assets has, immediately after the transaction, a net worth not less than 90% of the net worth of NAI immediately prior to the transaction and, among other things, the successor Person assumes in writing all obligations and agreements of NAI under the Lease and certain other documents.

Financial Covenants. So long as no Major Debt is owing, NAI is required to maintain tangible net worth (calculated on a fair market value basis) of not less than \$1,000,000,000. Major Debt includes the leverage buy-out debt and any other debt in excess of \$500,000,000.

All transactions between NAI and any of the Guarantors (NWA, Inc. and Wings Holdings Inc.) or Affiliates are required to be on terms no less favorable to NAI than would be available if the other Person were not a Guarantor or Affiliate. No payments may be made directly or indirectly by NAI (or any Guarantor) to Alfred Checci Associates, if a default is existing, if the payment exceeds operating cash flow for the immediately preceding fiscal year or if the payment would cause NAI and its Guarantors to have insufficient funds to pay the next installment of rent.

Neither NAI nor the Guarantors may make any Distribution except to the extent (a) current earnings for the immediate preceding fiscal year equal or exceed the Distribution, or (b) 50% of the Distribution is applied to prepay Basic Rent under the Lease or the lease for the Hibbing facility, or (c) the Operating Cash Flow to Fixed Charges Coverage (as defined in the Lease) for the period of four full consecutive quarters immediately preceding the distribution is at least 1.25, or (d) the Distribution is among NAI and the Guarantors.

NAI is also required to use its best efforts to seek persons with credit ratings superior to that of NAI to share NAI's financial responsibility under the Lease so long as any Bonds are Outstanding.

Assignment and Subleasing. NAI's interest in the Lease may be assigned only with the consent of MAC and the State (which consent shall not be unreasonably withheld and shall be deemed given if not withheld in writing by MAC and the State within 30 days after MAC and the State receive a written request for consent), but only if the recipient of the interest assumes all obligations of NAI under the Lease, immediately prior to and immediately after the assignment no default exists under the Lease as a result of any representation or obligation of NAI and no default occurs as a result of the assignment and the State receives a written opinion of Bond Counsel that the assignment

will not violate the Act or cause interest on any Tax Exempt Bonds to be taxable.

The Project may be subleased by NAI if NAI obtains the consent of MAC and the State, but only if immediately prior to and immediately after the sublease no default exists and if no default results from commencement of the sublease; provided the State must receive a written opinion of Bond Counsel that the sublease will not violate the Act or cause interest on any Tax Exempt Bonds to be taxable.

Mortgage of Leasehold Interest. With the consent of the State, MAC and the First Mortgage Trustee (which consent shall not be unreasonably withheld and shall be deemed given if not withheld in writing within 30 days of all parties receiving a written request for consent) NAI may mortgage or grant a security interest in its leasehold interest in the Project, provided the mortgage is subordinate to the terms of the Lease.

Events of Default. An Event of Default will occur under the Lease if (a) NAI fails to pay any Basic Rent when due or any Additional Rent (after five-day notice of nonpayment); (b) if any representation of NAI is untrue in any material respect; (c) a petition in bankruptcy is filed against NAI or the Guarantors or certain other acts of insolvency with respect to NAI and the Guarantors occur; (d) if the State declares an Event of Default (as defined in any guaranty agreement to the State regarding the State Guaranteed Bonds or in the County Reimbursement Agreement with respect to the County-Backed Bonds) and directs MAC to accelerate payment of Basic Rent; (e) the First Mortgage Trustee declares an Event of Default with respect to the First Mortgage Bonds; (f) the occurrence of any default resulting in Major Debt becoming due and owing prior to scheduled payment; (g) the occurrence of any default by NAI or the Guarantors under any MAC Documents (various documents related to the MAC financing); (h) the occurrence of any default with respect to any Related Documents (various documents related to the Duluth facility financing and the Hibbing facility financing); and (i) any other failure by NAI to observe their performance obligations under the Lease (except as to the public policy covenants).

Remedies on Default. If an Event of Default occurs because of direction of the State or First Mortgage Trustee to accelerate Basic Rent, MAC is required to immediately declare all Basic Rent due and owing in an amount sufficient to pay all Bonds and, if requested by the State or the First Mortgage Trustee, to terminate the Lease. If an Event of Default otherwise occurs, the MAC may take one or more actions, including declaration that all installments of Basic Rent are due in an amount sufficient to pay all Bonds and to terminate the Lease; provided that so long as any First Mortgage Bonds are Outstanding, such remedies may be taken only with the consent of the Trustee for such Bonds, and so

long as amounts are owing to the State for the State Guaranteed Bonds, MAC may take such action only with the approval of the State (except to the extent directed in writing by the First Mortgage Trustee). Upon any default, MAC may suspend its performance under the Lease and the Development Agreement (a) with the written consent of the State, or (b) without the consent of the State if MAC will incur any increased liability.

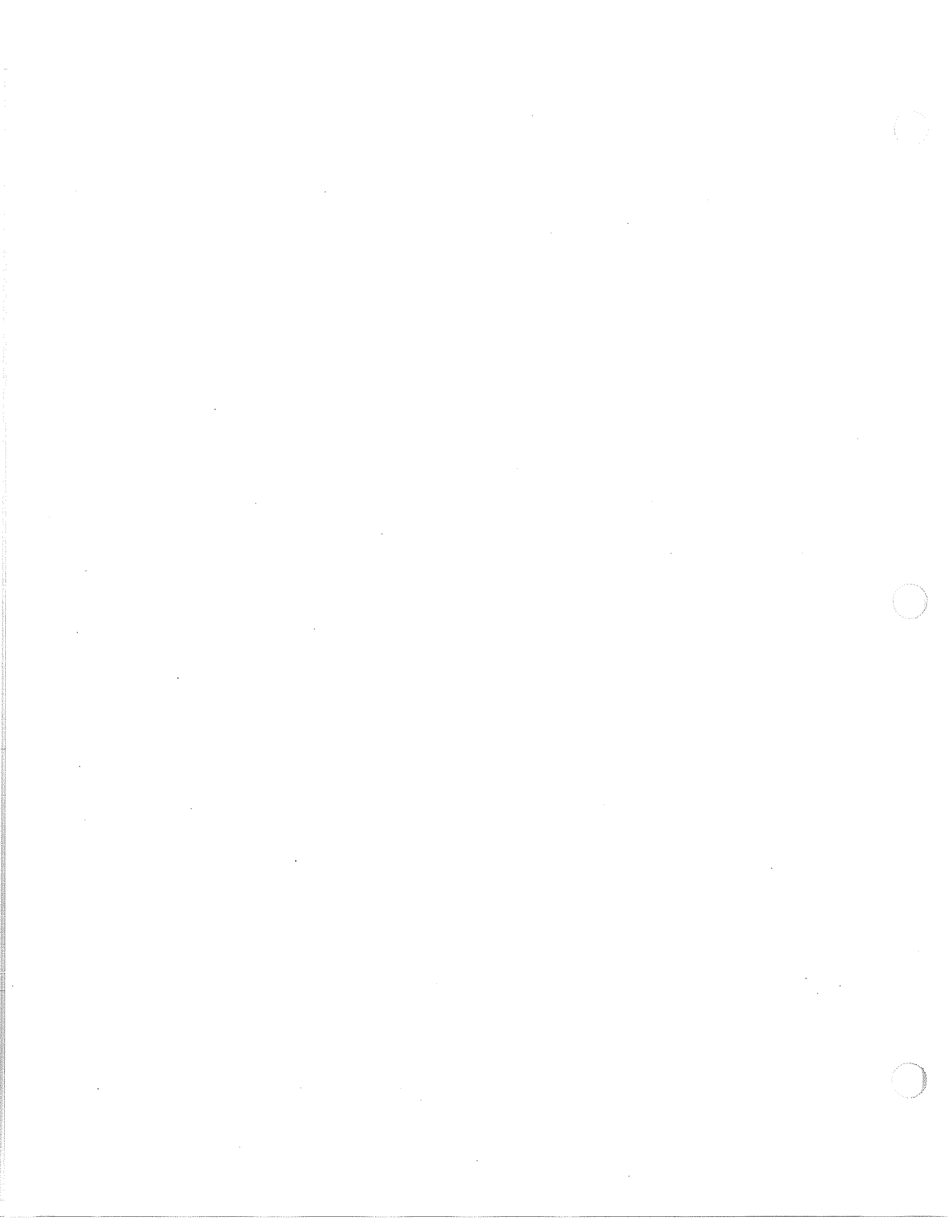
NAI Option to Terminate Lease or Prepay Rent. NAI will have the option to terminate the Lease at any time when no Bonds are Outstanding. NAI will have the right to prepay all Basic Rent in an amount sufficient to pay all Bonds and, as a result, be relieved from paying further Basic Rent for the remainder of the term of the Lease.

NAI Option to Purchase Project. If there is no default, NAI will have the option to purchase any Leased Equipment or MAC's interest in the Premises, provided that (a) all Bonds which financed such item of Leased Equipment or the Premises have been paid, or (b) MAC shall receive a written opinion of Bond Counsel that no interest on any Tax-Exempt Bonds shall become taxable as a result of any Bonds remaining unpaid. The purchase option may be exercised only at the end of the lease term with respect to the item of Leased Equipment or Premises to be purchased. The purchase price shall equal the Fair Market Purchase Value (defined in the lease to be, in general, the price at which NAI's interest in the Premises or item of Leased Equipment being sold at a private sale by a willing seller not compelled to sell to a willing buyer not compelled to buy). The purchase price may be payable in immediately available funds or pursuant to an installment sale contract containing terms and conditions MAC may reasonably require based on prevailing commercial practice and requiring approximately semi-annual payments of principal and interest over a period not exceeding the lesser of ten years or the remaining term for the premises at such interest rate or rates as NAI shall determine.

Non-recourse Against MAC. The MAC's obligations are made expressly subject to a non-recourse agreement limiting MAC's liabilities.

Public Policy Covenants. Attached hereto as Exhibit A is a copy of the Public Policy Covenants.

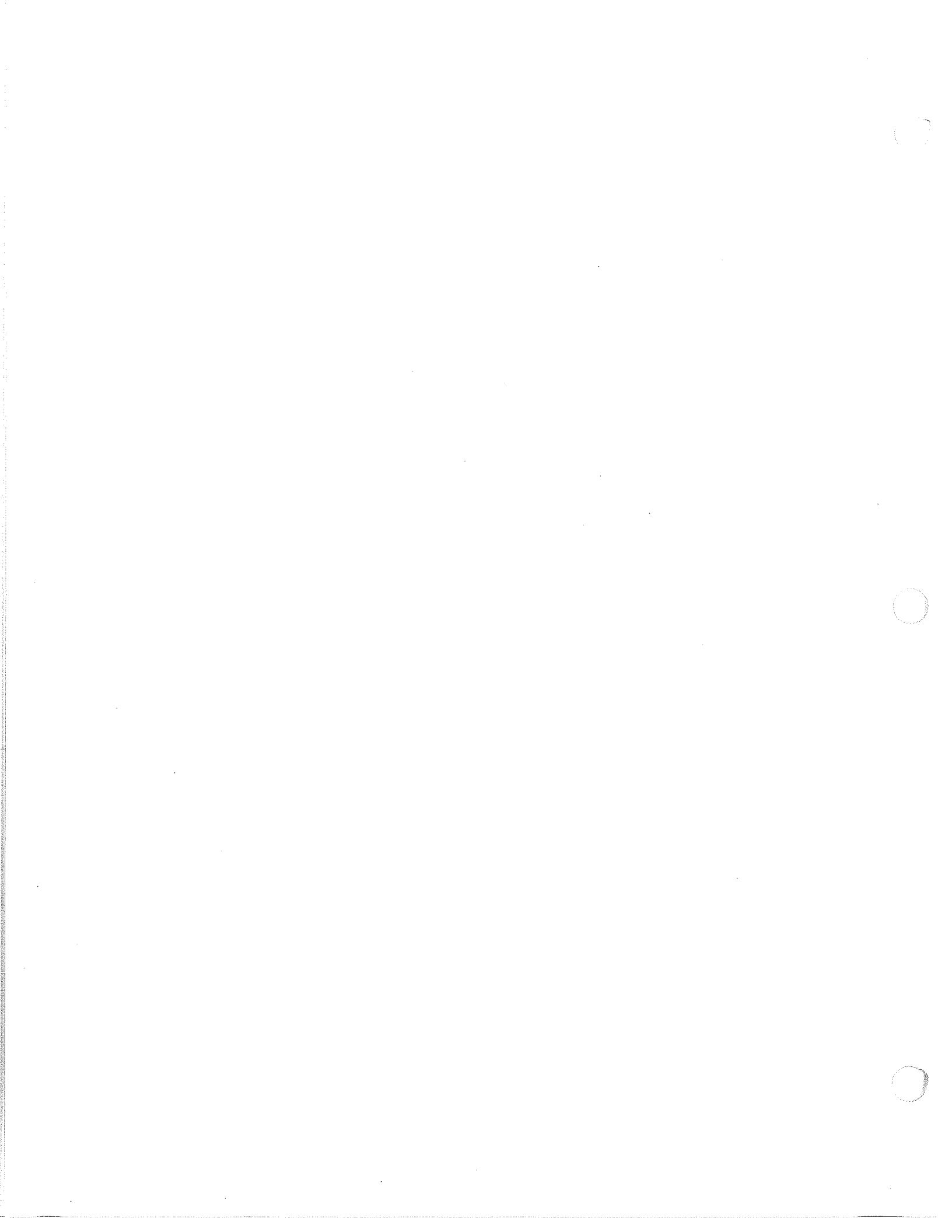
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SUMMARY OF PAYMENT AND PLEDGE AGREEMENT

The Duluth-Backed Bonds will be secured by a Payment and Pledge Agreement from the City of Duluth to the State, and assigned by the State to the Bond Trustee, whereby the City of Duluth will agree to pay to the Bond Trustee all tax increment from the Duluth facility plus the sum of \$2.5 million per year. The City's payments will be used first to pay principal of and interest on the Duluth-Backed Bonds, and second to pay or defease all series of Duluth facility bonds, including the Duluth-Backed Bonds. In the event the annual tax increment from the Duluth facility is ever less than \$2.5 million or NWA otherwise defaults under its Development Agreement with the City, the City's payment obligation under the Payment and Pledge Agreement is reduced to the payment of debt service on the Duluth-Backed Bonds. The expected annual amount of Duluth facility tax increment is secured by a pledge of tax increment the City is receiving from four existing districts. The City's other payment obligations are secured by pledges of specified amounts of (i) the City's electric utility franchise fee, (ii) payments transferred by the City to its general fund in lieu of taxes on the City-owned gas utility, and (iii) City sales taxes.

MFF00A6B.WP5



SUMMARY OF LEASE (HIBBING FACILITY)

Capitalized terms not herein defined or required by proper grammar to be capitalized are used with the meanings ascribed thereto in the Lease.

Term of Lease. The lease of the Premises (buildings and land) and Leased Equipment will have an Initial Term equal to the term of the longest Outstanding Bonds. Upon expiration of the Initial Term for the Premises and Leased Equipment, Northwest Airlines, Inc. ("NAI") has the option to extend the Lease for an additional 10 years by payment of rentals determined by negotiation or by a panel to be fair market rent or, if in the opinion of legal counsel such option to extend can be at other than fair market rent, such extension will be at a bargain rental rate.

Possession and Use. NAI may take possession of the Premises and the Leased Equipment financed by the Bonds upon completion of the Project or any earlier date approved by the Chisholm-Hibbing Airport Commission ("CHAC").

Construction of the Project. CHAC agrees to construct the Project as it relates to the Premises and Leased Equipment. However, such obligation is subject to acts of God and similar acts preventing construction, as well as the availability of proceeds from the Bonds ("Bond Proceeds") to pay Project Costs. CHAC agrees to use its best efforts to obtain Bond Proceeds from the State.

NAI is required to pay all costs incurred for the Project to the extent any Bond Proceeds and investment income thereon are not sufficient to fund the Project. Further, if at any time CHAC in good faith determines that undisbursed amounts of Bond Proceeds and anticipated investment income thereon are not sufficient to complete the Project, NAI is required to pay the shortfall.

Rent Payments. After occupancy, NAI is required to pay Basic Rent on the second business day prior to each Scheduled Bond Payment Date in an amount equal to the bond payments due on such date, and an amount by which any Reserve Fund established for the Bonds is less than its required level. As Additional Rent, NAI is required to pay amounts due under the Ground Lease with Hibbing, all taxes and fees of a trustee and the Servicer. All payments of Basic Rent to pay bonds will be deposited with the Servicer who will allocate such amounts for payment of the various classes of Bonds pursuant to the Servicing Agreement. The obligation of NAI to make such rent payment is absolute and unconditional.

Payment of Taxes. NAI must pay all taxes with respect to the Project. NAI will have the right to contest taxes under certain conditions.

Maintenance of project. NAI is required at its own expense to maintain and service all Project Equipment and to keep the Premises in good condition and repair.

Alterations. NAI is required to make all modifications of the Project to the extent required by law. NAI may make modifications and replacements in addition to Leased Equipment which NAI deems desirable in a proper conduct of its business to the extent not inconsistent with the continuing operation of the equipment in accordance with the Act and does not reduce the value or utility of the Leased Equipment or the Project as a whole. NAI may also make changes to the Premises not inconsistent with the Act and the provisions of the Act which do not reduce the economic life of any buildings.

Insurance. NAI is required to maintain a variety of insurance policies insuring the Project. NAI is allowed to maintain deductibles on its insurance and self-insure its risks at specific levels in certain circumstances.

Damage or Destruction. In the event of damage or destruction to the Premises, any Net Proceeds received from insurance less than \$1,000,000 (adjusted for cost of living increases) are required to be applied to restore the Premises. In all other cases, such insurance proceeds must be deposited in an account held by Servicer for disbursement to restore the Premises. In the event of damage to Leased Equipment, Net Proceeds less than \$1,000,000 (adjusted for cost of living increases) may be retained by NAI and applied to restore such Leased Equipment. Net Proceeds in excess of such amount are required to be deposited in the Insurance and Award Account for payment of restoration costs.

Condemnation. If condemnation of all or a portion of the Project occurs, condemnation awards are required to be applied to restore the Project or to prepay rent. Proceeds in excess of \$1,000,000 (adjusted for cost of living increases) are required to be deposited in the Insurance and Award Fund for disbursement.

Additional Obligations of Northwest. NAI may not permit liens on the project to exist, except for certain exceptions. NAI must annually furnish to CHAC and the Servicer certain information regarding maintenance of and alterations to the Premises and Leased Equipment, financial reports modeled on those required of a reporting company under the Securities Exchange Act of 1934, and a statement of compliance with NAI's obligations under the Lease. NAI is also required to comply with all its obligations under various documents related to the Metropolitan Airports Commission ("MAC") financing.

Maintenance of NAI Existence. NAI has agreed that it shall remain throughout the lease term as a duly organized Minnesota corporation and that it shall not consolidate with or merge into another Person or dispose of all or substantially all of its assets unless the Person resulting from such consolidation or merger or who receives such assets has, immediately after the transaction, a net worth not less than 90% of the net worth of NAI immediately prior to the transaction and, among other things, the successor Person assumes in writing all obligations and agreements of NAI under the Lease and certain other documents.

Financial Covenants. So long as no Major Debt is owing, NAI is required to maintain tangible net worth (calculated on a fair market value basis) of not less than \$1,000,000,000. Major Debt includes the leverage buy-out debt and any other debt in excess of \$500,000,000.

All transactions between NAI and any of the Guarantors (NWA, Inc. and Wings Holdings Inc.) or Affiliates are required to be on terms no less favorable to NAI than would be available if the other Person were not a Guarantor or Affiliate. No payments may be made directly or indirectly by NAI (or any Guarantor) to Alfred Checci Associates, if a default is existing, if the payment exceeds operating cash flow for the immediately preceding fiscal year or if the payment would cause NAI and its Guarantors to have insufficient funds to pay the next installment of rent.

Neither NAI nor the Guarantors may make any Distribution except to the extent (a) current earnings for the immediate preceding fiscal year equal or exceed the Distribution, or (b) 50% of the Distribution is applied to prepay Basic Rent under the Lease or the lease for the Duluth facility, or (c) the Operating Cash Flow to Fixed Charges Coverage (as defined in the Lease) for the period of four full consecutive quarters immediately preceding the distribution is at least 1.25, or (d) the Distribution is among NAI and the Guarantors.

Assignment and Subleasing. NAI's interest in the Lease may be assigned only with the consent of CHAC and the State (which consent shall not be unreasonably withheld and shall be deemed given if not withheld in writing by CHAC and the State within 30 days after CHAC and the State receive a written request for consent), but only if the recipient of the interest assumes all obligations of NAI under the Lease, immediately prior to and immediately after the assignment no default exists under the Lease as a result of any representation or obligation of NAI and no default occurs as a result of the assignment and the State receives a written opinion of Bond Counsel that the assignment will not violate the Act.

The Project may be subleased by NAI if NAI obtains the consent of CHAC and the State, but only if immediately prior to

and immediately after the sublease no default exists and if no default results from commencement of the sublease.

Mortgage of Leasehold Interest. With the consent of the State, CHAC and the First Mortgage Trustee (which consent shall not be unreasonably withheld and shall be deemed given if not withheld in writing within 30 days of all parties receiving a written request for consent) NAI may mortgage or grant a security interest in its leasehold interest in the Project, provided the mortgage is subordinate to the terms of the Lease.

Events of Default. An Event of Default will occur under the Lease if (a) NAI fails to pay any Basic Rent when due or any Additional Rent (after five-day notice of nonpayment); (b) if any representation of NAI is untrue in any material respect; (c) a petition in bankruptcy is filed against NAI or the Guarantors or certain other acts of insolvency with respect to NAI and the Guarantors occur; (d) if the State declares an Event of Default (as defined in any guaranty agreement to the State regarding the State Guaranteed Bonds or in the County Reimbursement Agreement with respect to the County-Backed Bonds) and directs CHAC to accelerate payment of Basic Rent; (e) the First Mortgage Trustee declares an Event of Default with respect to the First Mortgage Bonds; (f) the occurrence of any default resulting in Major Debt becoming due and owing prior to scheduled payment; (g) the occurrence of any default by NAI or the Guarantors under any MAC Documents (various documents related to the MAC financing); (h) the occurrence of any default with respect to any Related Documents (various documents related to the Hibbing facility financing and the Duluth facility financing); and (i) any other failure by NAI to observe their performance obligations under the Lease (except as to the public policy covenants).

Remedies on Default. If an Event of Default occurs because of direction of the State or First Mortgage Trustee to accelerate Basic Rent, CHAC is required to immediately declare all Basic Rent due and owing in an amount sufficient to pay all Bonds and, if requested by the State or the First Mortgage Trustee, to terminate the Lease. If an Event of Default otherwise occurs, CHAC may take one or more actions, including declaration that all installments of Basic Rent are due in an amount sufficient to pay all Bonds and to terminate the Lease; provided that so long as any First Mortgage Bonds are Outstanding, such remedies may be taken only with the consent of the Trustee for such Bonds, and so long as amounts are owing to the State for the State Guaranteed Bonds, CHAC may take such action only with the approval of the State (except to the extent directed in writing by the First Mortgage Trustee). Upon any default, CHAC may suspend its performance under the Lease and the Development Agreement (a) with the written consent of the State, or (b) without the consent of the State if CHAC will incur any increased liability.

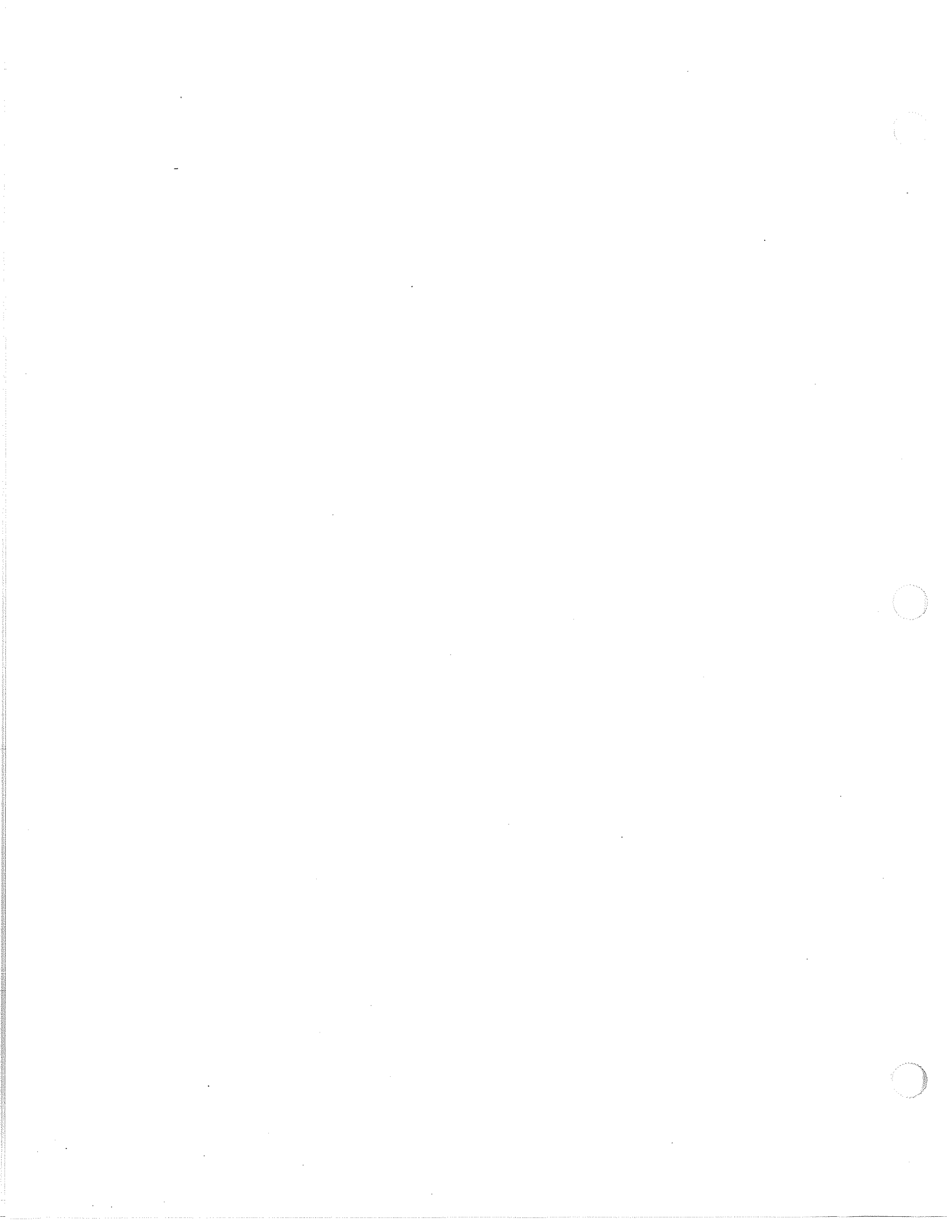
NAI Option to Terminate Lease or Prepay Rent. NAI will have the option to terminate the Lease at any time when no Bonds are Outstanding. NAI will have the right to prepay all Basic Rent in an amount sufficient to pay all Bonds and, as a result, be relieved from paying further Basic Rent for the remainder of the term of the Lease.

NAI Option to Purchase Project. If there is no default, NAI will have the option to purchase the Leased Equipment and CHAC's interest in the Premises, provided that (a) all Bonds which financed the Leased Equipment and the Premises have been paid. The purchase option may be exercised only at the end of the lease term with respect to the Leased Equipment and Premises. The purchase price shall equal the Fair Market Purchase Value (defined in the lease to be, in general, the price at which NAI's interest in the Premises or item of Leased Equipment being sold at a private sale by a willing seller not compelled to sell to a willing buyer not compelled to buy) or, if in the opinion of legal counsel such purchase option can be at other than fair market value, it will be at a bargain purchase price. The purchase price may be payable in immediately available funds or pursuant to an installment sale contract containing terms and conditions CHAC may reasonably require based on prevailing commercial practice and requiring approximately semi-annual payments of principal and interest over a period not exceeding the lesser of ten years or the remaining term for the premises at such interest rate or rates as CHAC shall determine.

Non-recourse Against CHAC. CHAC's obligations are made expressly subject to a non-recourse agreement limiting CHAC's liabilities.

Public Policy Covenants. Attached hereto as Exhibit A is a copy of the Public Policy Covenants.

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SUMMARY OF ST. LOUIS COUNTY GUARANTY AGREEMENT

The County Guaranteed Bonds will be secured by a County Guaranty Agreement from St. Louis County to the State, which will be assigned by the State to the Bond Trustee. The County Guaranty Agreement requires the Bond Trustee to make periodic reports to the County of the amounts and sufficiency of NWA's rent payments under the Facility Lease. In the event NWA's payments of rent under the Facility Lease are insufficient to pay principal of and interest on the County Guaranteed Bonds, the County may pay the amount of the deficiency from funds on hand, or the Bond Trustee may use the Reserve Fund held by the Bond Trustee to cover the deficiency. If the Reserve Fund is used, the County must levy taxes payable in the following year to replenish the Reserve Fund and to pay the amount of any anticipated shortfall of rent payments in that year.

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