

AMENDED AND RESTATED
FACILITIES AND EQUIPMENT LEASE AGREEMENT
BY AND BETWEEN
METROPOLITAN AIRPORTS COMMISSION,
LESSOR
AND
NORTHWEST AIRLINES, INC.,
LESSEE

DATED AS OF
JANUARY 29, 2002

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**AMENDED AND RESTATED FACILITIES AND EQUIPMENT
LEASE AGREEMENT**

AMENDED AND RESTATED FACILITIES AND EQUIPMENT LEASE AGREEMENT, dated as of January 29, 2002 ("**Agreement**"), between Northwest Airlines, Inc., a Minnesota corporation ("**NAI**" or "**Lessee**"), and the Metropolitan Airports Commission, a public authority organized under the laws of the State of Minnesota ("**MAC**" or "**Lessor**").

RECITALS

WHEREAS, MAC is authorized by Minnesota Statutes, Section 473.667, Subd. 11, to issue its general obligation revenue bonds for the purpose of acquiring by purchase real and personal properties related to airline operations to be leased to airline corporations, or to other corporations affiliated by common ownership with airline corporations, for use in connection with their airline operations, including flight training facilities.

WHEREAS, NAI is an airline corporation.

WHEREAS, with a portion of the proceeds of the Minneapolis-Saint Paul Metropolitan Airports Commission General Obligation Revenue Bonds, Series 9 (the "**Series 9 GO Bonds**"), MAC acquired pursuant to a Purchase and Sale Agreement, dated March 27, 1992 (the "**NAI Purchase Agreement**") from NAI certain NAI Equipment and Other Personal Property for use in connection with that certain flight training facility owned by NWA and leased to NATCO ("**Premises**"), and certain Airport Equipment (the NAI Equipment and Airport Equipment being hereinafter sometimes collectively referred to as the "**Equipment**").

WHEREAS, in connection with the issuance of the Series 9 GO Bonds, MAC was obligated (i) to pay the Net Proceeds to NATCO, NAI and NWA, (ii) to fund the Series 9 GO Bond Account to the extent required by the Series 9 Bond Resolution and (iii) to fund the Series 9 Costs of Issuance Account to the extent required by the Financing and Refinancing Agreement.

WHEREAS, NAI leased the Equipment and the Other Personal Property from MAC at the rentals and pursuant to the terms and conditions more fully set forth in that certain Facilities and Equipment Lease Agreement by and between MAC and NAI dated as of March 27, 1992, as amended by that certain First Amendment to Facilities and Equipment Lease Agreement dated as of April 23, 1992 and as amended by that certain Second Amendment to Facilities and Equipment Lease Agreement dated as of December 21, 1994 (collectively "**Existing NAI Lease**").

WHEREAS, pursuant to Section 3.5 of the Existing NAI Lease, MAC has the right to defease or redeem the Series 9 GO Bonds in whole or in part.

WHEREAS, NATCO, NAI and NWA have requested that MAC defease or redeem the Series 9 GO Bonds with the proceeds resulting from the issuance and sale by MAC of the Minneapolis-St. Paul Metropolitan Airports Commission Taxable General Obligation Revenue Refunding Bonds Series 15 (the "**GO Bonds**") in consideration of the agreement of NATCO, NAI and NWA to pay Rent as more fully described herein, and MAC intends to so issue the GO Bonds.

WHEREAS, in connection with such defeasance and redemption, NAI has requested that MAC amend and restate the terms of the Existing NAI Lease in its entirety in the manner hereinafter set forth and MAC is agreeable to such amendment and restatement upon the terms and conditions hereinafter set forth.

WHEREAS, this Agreement is for the use of personal property located within the metropolitan area that is related to airline operations, including flight training facilities.

WHEREAS, to the extent that Rent to be paid hereunder relates to the refinancing of real property owned by the Lessor and leased to the Lessee, this Agreement constitutes a revenue agreement related to such refinanced properties within the meaning of Minnesota Statutes, Section 473.667, Subd. 11 and the parties recognize and intend that the substance of this transaction is a financing with Lessor as the lender and Lessee as the borrower for all purposes.

WHEREAS, although this transaction is in the form of a sale-lease back with respect to the Equipment and Other Personal Property, the parties recognize that the substance of this transaction (both with respect to the sale-leaseback of the Equipment and Other Personal Property and the refinancing of the Facilities Leases) is a financing with Lessor as the lender and the Lessee as the borrower for all purposes other than Minnesota Statutes, Section 473.667. NAI and MAC understand and agree that for federal income tax purposes, and all other tax purposes, the transaction provided for in the NAI Purchase Agreement and in this Agreement with respect to the Equipment and Other Personal Property is intended to constitute a financing arrangement such that, for such tax purposes, NAI is and at all times shall be considered the owner of the Equipment and Other Personal Property. Lessor and Lessee also recognize that this Agreement shall not be deemed to be an amendment of the Facilities Leases.

NOW, THEREFORE, in consideration of the foregoing recitals, the other terms and conditions hereof, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, this Amended and Restated Facilities and Equipment Lease Agreement hereby amends and restates, but does not constitute a novation of the indebtedness evidenced by, the Existing NAI Lease and in connection therewith, the Existing NAI Lease is hereby amended and restated in its entirety to read as follows:

ARTICLE I.
LEASE OF EQUIPMENT

On the Closing Date, subject to all the terms and conditions set forth herein and in the NAI Purchase Agreement, and based upon the representations and warranties of the Lessee set forth in the NAI Purchase Agreement, the Lessor shall lease the Equipment and Other Personal Property to the Lessee subject to the Permitted Encumbrances, and the Lessee shall lease the Equipment and Other Personal Property from the Lessor subject to the Permitted Encumbrances, for the Basic Lease Term with respect thereto. On the Closing Date, the Lessee shall accept, and shall evidence its acceptance of, the Equipment and Other Personal Property pursuant to this Agreement by executing and delivering to the Lessor the Certificate of Lessee's Acceptance.

ARTICLE II.
TERM OF LEASE

The leasing of the Equipment and Other Personal Property to the Lessee by the Lessor and the Lessee's right to use the Equipment and Other Personal Property shall commence on the Closing Date. The period from and including the Closing Date to and including the Termination Date shall be the "Basic Lease Term." The word "Term" shall refer to the Basic Lease Term.

ARTICLE III.
RENTAL PAYMENTS AND ADJUSTMENTS

3.1 Basic Rent.

(a) Payment of Basic Rent. In consideration of the Lessee's right to use the Equipment and Other Personal Property, Lessee shall pay to the Lessor on each Rental Payment Date commencing May 10, 1992, Basic Rent equal to the Applicable Percentage of the amounts necessary, as of each October 10, to fund the Required Bond Account Balance. Installments of the aggregate Basic Rent for all MAC Leases, to which the Applicable Percentage must be applied, are shown on Schedule A subject to adjustment of Basic Rent as hereinafter set forth. Prior to any adjustments described in Section 3.1(b)(i) hereof, Basic Rent installments for each of the four Rental Payment Dates within any Sequence Year shall each equal the Applicable Percentage of one-fourth (1/4) of the Interest Component and the Principal Component to be paid in the Debt Year applicable to said Sequence Year (as shown on Schedule B). The Lessor shall credit all Basic Rent received to the Series 15 Bond Account.

(b) Adjustments to Basic Rent.

(i) Investment Earnings on Series 15 Bond Account. Investment earnings on the Series 15 Bond Account arising from amounts deposited therein by NAI, NATCO or NWA shall inure to the benefit of the Lessee (except to the extent provided below), with installments of Basic Rent being adjusted to reflect such investment earnings so long as Basic Rent is due as described below. At such time as Basic Rent has been paid in full, such investment earnings not required for debt service on the GO Bonds shall be paid in full to the Lessee; provided, the parties hereto acknowledge that the Lessor has not waived its right of set-off with respect to this or any other amounts. Such payment obligation of the Lessor shall survive termination of this Lease. So long as Lessee is not in financial default under any of the MAC Leases, installments of Basic Rent due on each November 10, February 10 and May 10 shall each be reduced by an amount equal to one and one-quarter percent (1.25%) of the Applicable Percentage of the Required Bond Account Balance of the following October 10. The Lessor shall, on or prior to July 15 of each year, notify the Lessee of the Lessee's Applicable Percentage of the July 1 Balance as of the previous July 1. Whether or not the Lessee is in financial default under the MAC Leases, the August 10 payment of Basic Rent shall be adjusted upward or downward to equal the difference between the Applicable Percentage of the Required Bond Account Balance for the following October 10 and the Applicable Percentage of such July 1 Balance. Notwithstanding the above, to the extent the Lessee is in financial default by reason of failure to pay Basic Rent and any resulting deficiency in the Required Bond Account Balance has been replenished by other funds of the Lessor, investment earnings on such replenishment portion

shall inure to the benefit of the Lessor. The percentage of one and one-quarter percent (1.25%) described above (based on a 5% per annum expected rate of investment earnings) may be adjusted from time to time by the Finance Director of the Lessor in his or her discretion, in consultation with the Lessee, so as to approximate expected investment earnings in the applicable Sequence Year to the extent it is expected that the rate of such earning will be greater than eight percent (8%) per annum; provided, however, that (a) any upward adjustment in such percentage shall only be applicable to the Rental Payment Dates in the then current Sequence Year (with the percentage then reverting to its prior level), and (b) such percentage shall not be adjusted below 1.25% without the consent of Lessee. Amounts credited to the Series 15 Bond Account shall be invested by the Lessor in investments permitted by the Bond Resolution and consistent with the Lessor's investment policies. The Lessee shall be permitted to receive a copy of the Lessor's investment policies and a listing of the specific investments in the Series 15 Bond Account from time to time upon request.

(ii) Transfer of Excess Money in Series 15 Costs of Issuance Fund to Series 15 Bond Account. Under Section 4.04 of the Bond Resolution, any unencumbered amount remaining in the Series 15 Costs of Issuance Fund established thereunder is required to be transferred to the Series 15 Bond Account no later than June 30, 2002. The November 10, 2002 installment of Basic Rent shall be adjusted to reflect any such transfer.

(iii) Partial Pre-Payments. In the event the Lessee elects to prepay Basic Rent, in part, under Section 19.1 hereof, Basic Rent shall be adjusted upon such prepayment, as provided in Section 19.1.

3.2 Intentionally Omitted.

3.3 Supplemental Rent.

The Lessee shall also pay to the Lessor, or to whomsoever shall be entitled thereto, any and all Supplemental Rent promptly on demand as the same shall become due and owing and, in the event of any failure on the part of the Lessee to pay any Supplemental Rent, the Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of Basic Rent. The Lessee shall also pay to the Lessor, on demand, as Supplemental Rent, to the extent permitted by applicable law, interest at the Overdue Rate on any part of any installment of Basic Rent not paid when due for any period for which the same shall be overdue and on any Supplemental Rent not paid when due or demanded by the Lessor, for the period commencing with the day on which such payment was due or demanded until but not including the date on which the same shall be paid.

3.4 Payment to the Lessor; Non-Business Day Due Date.

All payments of Basic Rent and Supplemental Rent payable to the Lessor shall be paid by the Lessee to the Lessor prior to 2:00 p.m., Minneapolis time, on the date of payment, by wire transfer of immediately available funds in the currency of the United States of America, or in such manner and at such place as the Lessor may otherwise elect upon at least three (3) Business Days notice to the Lessee. Whenever any payment to be made under this Agreement shall be

stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

3.5 Redemption or Defeasance of Bonds Without Corresponding Prepayment by Lessee.

The Lessor reserves the right to defease or redeem the GO Bonds, in whole or in part, in accordance with the Bond Resolution from sources other than and in addition to prepayment of Basic Rent by the Lessee under Section 19.1 of this Lease. In such case, Basic Rent shall continue to be payable as hereinafter provided. Notwithstanding anything to the contrary herein contained, it is the intent of the Lessor and the Lessee that Rent paid, and obligations of, the Lessee shall not be adversely affected by the Lessor's election to so redeem or defease.

(a) In the event of defeasance or redemption by the Lessor of less than all of the outstanding GO Bonds, Basic Rent, the Required Bond Account Balance and the July 1 Balance shall be readjusted and Schedules A and B shall be amended to give effect to such partial defeasance or redemption, with the adjusted Basic Rent being proportionate to installments of Basic Rent immediately prior to such redemption or defeasance. In connection therewith, the Lessor shall establish another obligation hereinafter described and prepare a schedule showing the Principal Components and the Interest Components thereof under the MAC Leases (the "**Replacement Rent Schedule**"), the Applicable Percentage of which shall be the obligation of Lessee. The Principal Component of Replacement Rent will be the aggregate principal amount of GO Bonds so redeemed or defeased plus accrued interest thereon to the date of redemption, and less the difference between (i) the Series 15 Bond Account Balance immediately prior to such redemption or defeasance and (ii) the Required Bond Account Balance giving effect to such redemption or defeasance. Replacement Rent shall be paid on each Rental Payment Date following such redemption or defeasance in amounts sufficient to amortize the Principal Component at the average weighted coupon of GO Bonds so redeemed or defeased, payable in equal installments on each Rental Payment Date, such that immediately following such redemption or defeasance, installments of Basic Rent (as set forth on the amended Schedule A) and installments of Replacement Rent (as set forth on the Replacement Rent Schedule), on a combined basis, are proportionate to installments of Basic Rent (as set forth on the unmodified Schedule A) immediately prior to such redemption or defeasance. Commencing on the date of such redemption or defeasance, the Lessee will be obligated to pay Replacement Rent on the Rental Payment Dates.

(b) In the event of defeasance or redemption of the GO Bonds, in whole, the principal portion of Basic Rent set forth in Schedule A shall be reduced by the Series 15 Bond Account Balance immediately prior to such redemption or defeasance (less accrued interest on the GO Bonds from the preceding January 1 or July 1 to the date of redemption or defeasance). The principal portion of the remaining Basic Rent thus calculated shall be the Principal Component of the Replacement Rent (and shall be shown on the Replacement Rent Schedule prepared in accordance with Section 3.5(a) above and annexed hereto). Commencing on the date of such redemption or defeasance, Basic Rent shall terminate and the Lessee will be obligated to pay Replacement Rent on the Rental Payment Dates in lieu of Basic Rent.

ARTICLE IV.
NET LEASE; NO SETOFF, COUNTERCLAIMS, ETC.

This Agreement is a net lease and the Lessee shall not be entitled to any abatement of Rent or setoff against or recoupment or reduction of Rent, including, but not limited to, abatements, setoffs, reductions, or recoupments due or alleged to be due by reason of any past, present or future claims or counterclaims of the Lessee against the Lessor under this Agreement or otherwise. All Rent shall be free of any charges, assessments, impositions or deductions of any kind and without abatement, deduction or setoff whatsoever and under no circumstances or conditions, whether now existing or hereafter arising, or whether beyond the present contemplation of the parties, shall Lessor be expected or required to make any payment of any kind whatsoever, or be under any obligation or liability hereunder except as otherwise expressly provided herein. Except as otherwise expressly provided herein, Lessee shall pay all costs, expenses and charges of every kind and nature relating to the Equipment and Other Personal Property which may arise or become due and payable during or after (but attributable to a period falling within) the Term. The Lessee's obligations hereunder, including its obligations to pay all Rent, shall be absolute and unconditional under any and all circumstances, and, except as otherwise expressly provided herein, this Agreement shall not terminate, nor shall the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Equipment or Other Personal Property from whatever cause, any Liens, or rights of others with respect to any of the Equipment or Other Personal Property, the invalidity or unenforceability or lack of due authorization by the Lessee of this Lease, any Taking of the Equipment or Other Personal Property or any part or interest therein by condemnation or otherwise, any prohibition, limitation, restriction or prevention of Lessee's use or enjoyment of the Equipment or Other Personal Property or any part thereof, or any interference with such use or enjoyment by any Person or for any reason, any matter affecting title to the Equipment or Other Personal Property, any eviction by paramount title or otherwise, any default by Lessor or Lessee hereunder, the impossibility, impracticability or illegality of performance by Lessor, Lessee or both, any action of any governmental authority, Lessee's acquisition of ownership of all or part of the Equipment or Other Personal Property (unless Lessee has fully complied with the provisions of Section 19.2 hereof and this Agreement shall be terminated by a writing signed by Lessor and Lessee), any breach of warranty or misrepresentation, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, and whether or not Lessee shall have notice or knowledge thereof and whether or not such cause shall not be foreseeable, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that Rent shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Agreement. To the extent permitted by applicable law, unless the Lessee has made each and every payment of Rent, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Equipment or Other Personal Property or to recover all or any part of any Rent, except in accordance with the express terms hereof.

ARTICLE V.
IDENTIFICATION MARKS

Within thirty (30) days after request by Lessor, the Lessee will keep and maintain, plainly, distinctly, permanently and conspicuously marked on one side of each material item of Equipment (for such purpose an item of Equipment being deemed to be material if it or its components had an original cost in excess of \$1,000,000) in a plaque not greater than three square inches in area, the words "Security Interest held by Metropolitan Airports Commission," with appropriate changes thereof as from time to time may be required, in the opinion of the Lessor, in order to protect the Lessor's interest in such item and the rights of the Lessor under this Agreement. If Lessor has made such a request, the Lessee will not place any such item in operation or exercise any control or dominion over the same until such words shall have been so marked and will replace promptly any such markings which may be removed, obliterated, defaced or destroyed. Lessee may remove such words at such time as the particular item of Equipment is released from the scope of the NAI Security Agreement.

Except as provided in the immediately preceding paragraph, the Lessee will not allow the name of any person, association or corporation to be placed on any Equipment or Other Personal Property as a designation that might be interpreted as a claim of ownership; provided, however, that the Equipment or Other Personal Property may be lettered with the names or initials or other insignia or inventory control information customarily used by the Lessee, Lessee's Affiliates or the manufacturer of such item of Equipment or Other Personal Property.

ARTICLE VI.
TAXES

6.1 Payment.

From and after the Closing Date and throughout the Term, the Lessee assumes responsibility for, and agrees to pay and discharge not later than the due date therefor (and in any case before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof), and holds harmless and indemnifies on an after-tax basis the Lessor against all taxes, payments in lieu of taxes, fees, withholdings and other governmental charges of any nature whatsoever, including, without limitation, penalties and interest imposed on, incurred by or asserted against the Lessor or the Equipment or Other Personal Property or any part thereof on account of, or with respect to, this Agreement or any document referred to herein or any of the transactions contemplated hereby or thereby or the purchase, acceptance or rejection of any of the Equipment or Other Personal Property or any portion thereof or the ownership, nondelivery, leasing, releasing, subleasing, possession, use, operation, maintenance, repair, condition, sale, return or other disposition of the Equipment or Other Personal Property or any portion thereof or any indebtedness with respect thereto or the rentals, receipts, earnings or gains arising therefrom (all of the foregoing taxes, payments, withholdings, governmental charges, interests, penalties, rents, assessments, duties, impositions and fees being hereinafter referred to as "Taxes"). If any Taxes are not paid when due under this Agreement, Lessor shall have the right but shall not be obligated to pay the same, provided Lessee does not contest the same as herein provided. If Lessor shall make such payment, Lessor shall thereupon be entitled to repayment by Lessee on demand as Supplemental Rent hereunder. Lessee shall have no liability for, and shall not be

required to indemnify Lessor for, any additional Taxes that may be imposed as a result of the failure by Lessor to forward to Lessee, promptly upon receipt, any tax bills, statements, or notices or the failure by Lessor otherwise to advise Lessee of any Taxes proposed to be assessed.

6.2 Lessor's Interest.

In the event any returns, statements or reports with respect to Taxes (other than Taxes for which indemnification is not required under Section 6.9) are required to be made, the Lessee will make such returns, statements and reports (and supporting information and worksheets generated or accumulated in the preparation of such returns, statements and reports) in such manner as to show the interest of the Lessor (as the nominal owner, but not the owner for federal income tax purposes) in the Equipment or Other Personal Property; provided, however, that the Lessor shall, with respect to any state or political subdivision of the United States of America, prepare and file such returns, statements, and reports, if any, relating to sales or use taxes, and taxes, fees, and charges on or measured by the Lessor's earnings or gross receipts arising from the Equipment or Other Personal Property as the Lessor shall determine are required to be filed by it based upon usage information provided by the Lessee, and the Lessor shall remit the amount thereof upon payment by the Lessee to the Lessor (such payment to be made promptly by Lessee upon demand by the Lessor therefor) of such taxes, fees and charges except as provided above. Within five (5) days of demand by Lessee, Lessor shall furnish copies of the corresponding return for review by Lessee prior to filing by Lessor.

6.3 Action by Lessor.

To the extent that the Lessee may be prohibited by law from performing in its own name the duties required by this Article VI, the Lessor hereby authorizes the Lessee to act in Lessor's name and on its behalf; provided, however, that the Lessee shall indemnify and hold the Lessor harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action by the Lessee pursuant to this authorization.

6.4 Copies to Lessor.

The Lessee shall, whenever reasonably requested by the Lessor, submit to the Lessor copies of returns, statements, reports, receipts, billings and remittances, or furnish other evidence satisfactory to the Lessor, of the Lessee's performance of its duties under this Article VI. The Lessee shall maintain and furnish promptly upon request such data as the Lessor reasonably may require to permit the Lessor's compliance with the requirements of taxing jurisdictions.

6.5 Contest.

Lessee shall have the right to protest and contest any Taxes imposed against the Equipment or Other Personal Property or any part thereof, provided (i) the same is done at Lessee's sole cost and expense, (ii) nonpayment will not subject the Equipment or Other Personal Property or any part thereof to sale or other liability by reason of such nonpayment (other than the pending liability for the Taxes being contested), (iii) such contest shall not subject Lessor to a material risk of any criminal or civil liability as determined by Lessor, and (iv) Lessee shall provide such security as may be reasonably required by Lessor to ensure payment of such contested Taxes.

Lessor agrees to execute and deliver to Lessee any and all documents reasonably required for such purpose and to cooperate with Lessee in every respect in such contest, but without any cost or expense to Lessor. If any taxing authority shall assert liability for any Taxes or propose an increase in the liability of the Lessor for any Taxes (such assertion or such proposed increase being hereinafter called a "Claim") indemnification for which would be required under this Article VI, and notifies Lessor in writing thereof, the Lessor will notify the Lessee in writing within ten (10) days after receipt of such written notice of such Claim; provided, however, that such notice must be received by Lessee at least five (5) days prior to any due date for taking action to contest such Taxes. If the Lessee delivers to the Lessor written notice of its desire to contest such Claim within 30 days after receipt of notice from the Lessor or any taxing authority, such Claim will be contested in accordance with this Section 6.5. The Lessee shall have the exclusive right to conduct the contest and all preparations therefor shall be the sole responsibility of the Lessee and shall be conducted entirely at Lessee's expense. The Lessor will cooperate with any reasonable request made by the Lessee in connection therewith. The Lessee may determine (after consultation with the Lessor) in what court or other forum such contest will be conducted and whether such contest will proceed by payment of the Taxes in contemplation of a suit for refund. If in any such contest the decision is made to pay the Taxes and sue for a refund, the Lessee will advance to the Lessor on an interest-free basis sufficient funds to pay the Taxes which are to be contested or shall pay the disputed Taxes directly and shall promptly provide Lessor with reasonable evidence of such payment. Upon receipt by the Lessor of a refund of any Taxes paid by the Lessee, such refund (including any interest) shall be paid to the Lessee forthwith upon receipt by the Lessor. The obligations of the Lessor and Lessee under this Section 6.5 shall survive the expiration or termination of this Agreement.

6.6 Conversion of Payment.

To the extent permitted by law, Lessee shall have the right to apply for the conversion of any Taxes to make the same payable in annual installments over a period of years, and upon such conversion Lessee shall pay and discharge said annual installments as they shall become due and payable.

6.7 Tax on Rent.

If at any time during the Term, a tax or excise on Rent or other tax, however described, is levied or assessed against Lessor as a substitute in whole or in part for any Taxes theretofore payable by Lessee, Lessee shall pay and discharge such tax or excise on Rent or other tax before it becomes delinquent, and the same shall be deemed to be Taxes levied against the Equipment and Other Personal Property. Lessee's obligation under this Section 6.7 is subject to Lessee's right to contest under Section 6.5.

6.8 Lessor Taxes.

Except as set forth in Section 6.7 above, Lessee shall not be obligated to pay any franchise, excise, doing business, corporate, estate, inheritance, or succession tax or capital levy of Lessor or any income, profits or revenue tax upon the income of Lessor and the term "Taxes" shall exclude such taxes or levies.

6.9 Indemnity.

The Lessee agrees to pay all amounts due under this Article VI free of any Taxes and to indemnify the Lessor against any Taxes imposed by reason of any payment made by the Lessee so that the Lessor shall receive Rent in an amount which, net of any Taxes or other charges required to be paid by the Lessor in respect thereof, shall be equal to the amount of payment otherwise required hereunder. Lessee agrees to indemnify Lessor with respect to the imposition of any Taxes on the later of the date such Taxes were paid by Lessor, provided Lessor complied with Section 6.5 hereof, or ten (10) days after receipt of a written request by the Lessor for indemnification specifying the amount to be paid, the basis on which such amount was determined and the nature of the Taxes in question, unless Lessee contests the Taxes under Section 6.5, in which event Lessee shall pay the Taxes within ten (10) days after the final decision requiring payment of the Taxes from which no further legal appeal is possible. Lessee's obligations under this Section 6.9 shall not extend beyond the lapse of all time periods under all applicable statutes of limitations.

6.10 Continuing Obligation.

In the event that, during the continuance of this Agreement, the Lessee becomes liable for the payment or reimbursement of any Taxes pursuant to this Article VI, such liability shall continue, notwithstanding the expiration or termination of this Agreement, until all such Taxes are paid or reimbursed by the Lessee.

6.11 Tax Ownership.

For purposes of the IRC, and all other tax purposes, Lessee shall be treated as the owner of the Equipment and Other Personal Property notwithstanding the characterization of the transaction herein and in the NAI Purchase Agreement as a sale-leaseback. Lessee and Lessor shall each file all returns, declarations, reports, information returns and statements with respect to any taxes in a manner consistent with this Section 6.11.

ARTICLE VII.
CONDITIONS; MAINTENANCE

7.1 Condition.

Lessee acknowledges that it was the owner of the Equipment and Other Personal Property prior to the consummation of the NAI Purchase Agreement and that Lessee is therefore in possession of the Equipment and Other Personal Property prior to the Closing Date. Lessee has examined the Equipment and Other Personal Property, is familiar with the physical condition thereof and is leasing the same in "as is" condition. Lessor has not made and does not make any representations or warranties as to the physical condition, expenses, operation and maintenance, status of title, the use that may be made of the Equipment and Other Personal Property or any other matter or thing affecting or related to the Equipment and Other Personal Property. Lessee assumes all risks resulting from any defects (patent or latent) in the Equipment and Other Personal Property or from any failure of the same to comply with any governmental law or regulation applicable to the Equipment or Other Personal Property or the uses or purposes for which the same may be used.

7.2 Equipment Maintenance.

Except as may be permitted under this Agreement with respect to damage by casualty, the Lessee at its own expense shall maintain and service each item of Equipment in accordance with prudent industry practice, which will in any event include testing, repair and overhaul of each such item (i) so that it will remain in as good operating condition as when delivered (ordinary wear and tear excepted), (ii) so that it will remain in compliance with any and all Requirements, (iii) so that the Equipment will continually be certified for its intended purpose, and (iv) as may from time to time be recommended by the manufacturer thereof. In no event shall any Equipment be maintained or scheduled for maintenance on a basis less frequent than the maintenance basis or maintenance scheduling basis employed by the Lessee for other similar equipment.

ARTICLE VIII. ALTERATIONS

8.1 Required Alterations.

The Lessee, at its sole cost and expense, shall with reasonable promptness, make such alterations, modifications and additions (herein collectively called "Alterations") to the Equipment as may be required from time to time to meet the Requirements.

8.2 Optional Equipment Alterations.

In addition to the foregoing, the Lessee at its own expense may from time to time make such Alterations to the Equipment as the Lessee may deem desirable in the proper conduct of its business and which are not inconsistent with the continuing operation of the Equipment in accordance with its original functional purpose; provided, that any such Alteration made by the Lessee pursuant to this paragraph shall not diminish the value or utility of the Equipment to the Lessor below the value and utility thereof to the Lessor immediately prior to such Alteration.

8.3 Title to Parts.

(a) Title to all appliances, parts, instruments, components, accessories, furnishings, accessions and other items (including all Restoration Equipment and Alterations) incorporated or installed in or attached to the Equipment (herein "Parts") shall without further act, as between the Lessor and the Lessee, nominally vest in the Lessor free of Liens (except with respect to Permitted Leased Parts and the Permitted Encumbrances), and shall be deemed to constitute a part of the Equipment and be subject to this Agreement in the following cases:

(i) such Part is in replacement of or in substitution for, and not in addition to, any Part constituting a part of the Equipment at the time of the acceptance thereof hereunder or any such original Part;

(ii) such Part is incorporated or installed in or attached to the Equipment pursuant to the terms of Sections 7.2, 8.1, 8.2 or 10.2 (except with respect to Permitted Leased Parts); or

(iii) such Part cannot be readily removed from the Equipment without materially damaging the Equipment or diminishing or impairing the value or utility which the Equipment

would have had at such time had such Part not been incorporated or installed in or attached to the Equipment.

(b) Except as provided in Section 8.3(a) above, if the Lessee shall have provided to the Lessor the certificate of a certified engineer (who shall be an independent engineer if the aggregate cost of the Parts in question is \$500,000.00 or more, and otherwise may be an employee of the Lessee) to the effect that such Parts are not within the categories set forth in Section 8.3(a)(i), (ii) or (iii) above, all Parts attached to the Equipment as the result of Alterations shall be and remain the property of the Lessee; provided, however, that any such Part which is not removed by the Lessee prior to the termination of this Agreement pursuant to Article XIV shall become the property of the Lessor.

8.4 Obligations Regarding Other Personal Property.

(a) The Lessee, at its sole cost and expense, shall with reasonable promptness, make such alterations, modifications and additions to the Other Personal Property as may be required from time to time to meet the Requirements.

(b) The Lessee, at its sole cost and expense, may from time to time make such alterations, modifications and additions to the Other Personal Property as the Lessee may deem desirable in the proper conduct of its business and which are not inconsistent with the continuing operation of the Other Personal Property, in accordance with the original functional purpose of the Other Personal Property; provided that any such alteration, modification and addition shall not diminish the value or utility of the Other Personal Property to the Lessor below the value and utility thereof to the Lessor immediately prior to such alteration, modification or addition.

(c) Title to all alterations, modifications and additions to the Other Personal Property, and any separately acquired Other Personal Property, or rights therein or licenses thereto necessary to or used in connection with the operation of any of the Other Personal Property or Equipment shall be nominally vested in the Lessor, free of Liens, and Lessee shall obtain in writing any consent required of any third party necessary for Lessor to exercise the rights of Lessee thereunder, and shall promptly furnish Lessor with a copy of any agreements pursuant to which such right of License is granted.

8.5 Reports of Alterations.

Lessee shall make available to Lessor for review on the Premises a report describing in reasonable detail all Alterations to the Equipment and Other Personal Property of the character referred to in this Article VIII involving, in any case, a cost to the Lessee in excess of \$25,000.00 which have been made during the period from the date of this Agreement in the case of the first such report, or during the period from the last previous report, in the case of all subsequent reports.

8.6 Responsibility.

Lessor shall not be responsible for the cost of any alterations of or repairs to the Equipment and Other Personal Property of any nature whatsoever, structural or otherwise, whether or not now in contemplation of the parties.

ARTICLE IX.
INSURANCE

9.1 Required Insurance Coverages and Limits.

Lessee agrees that it will at no cost and expense to Lessor at all times during the Term for the benefit of Lessor and Lessee:

(a) With respect to any item of Equipment and Other Personal Property, keep such items of Equipment and Other Personal Property insured against all risks of physical loss or damage including by fire, windstorm, explosion, flood (if the Equipment and Other Personal Property lie in a flood zone for which flood insurance is available) and earthquake, and against all such other risks as are insured against by Lessee with respect to other property of a similar character owned or leased by Lessee, in an amount not less than the actual replacement cost thereof, which insurance shall (w) cover all materials, parts, equipment, tools and supplies, stored on the Premises where the associated item of Equipment or Other Personal Property is located, and which may become part of the Equipment or Other Personal Property, (x) cover all portions of the item of Equipment or Other Personal Property while in transit, (y) include coverage against loss caused by explosion, implosion and breakdown, except when such event occurs during testing and start-up, in which case Lessee shall use its best efforts to cause the vendor of the Equipment or Other Personal Property to provide such coverage for the benefit of Lessee, and (z) waive any condition requiring that the item of Equipment or Other Personal Property be in use or ready for use;

(b) General public liability insurance protecting and indemnifying Lessor and Lessee against all claims for damages to person or property or for loss of life or of property occurring about or in connection with the operation of the Equipment or Other Personal Property, and owned, non-owned and hired auto liability in limits of at least \$2,000,000.00 for bodily injury or death to any one person, \$5,000,000.00 for bodily injury or death to any number of persons in respect of any one accident or occurrence and \$2,000,000.00 for property damage in respect of one accident or occurrence, or such greater limits as may be reasonably required from time to time by Lessor consistent with insurance coverage on properties similarly constructed, occupied and maintained;

(c) Workers' compensation insurance or coverage (including employers' liability insurance) covering all persons employed by Lessee at the Premises to the extent required by the laws and statutes of the State of Minnesota including, without limitation, during the course of any alteration or repair to the Equipment or Other Personal Property;

(d) Such other or further insurance, in such amounts and in such form, as is customarily obtained by owners of properties similarly constructed, occupied and maintained.

To the extent greater than or in addition to the foregoing, such insurance shall cover risks and be in amounts at least as great as insurance coverage maintained by (i) Lessee for other property similar to the Equipment and Other Personal Property which it owns or operates or (ii) prudent companies owning property of a similar character and engaged in a business similar to that of Lessee. Lessee may self-insure against risks of the type described in Section 9.1(a) by

deductibles or self-insurance of up to \$250,000.00 for fire and extended coverage for each event of loss or damage if (y) the Equipment and Other Personal Property shall be self-insured to no greater extent than other property similar to the Equipment and Other Personal Property which Lessee owns or operates and (z) in the event of loss or damage affecting either the Equipment and Other Personal Property and other property owned or leased by Lessee covered by the same insurance policy, no more than a pro rata portion of such self-insurance would be applicable to the Equipment or Other Personal Property, as the case may be. With respect to risks covered by the other insurance required hereunder, Lessee may self-insure by deductibles or self-insurance to no greater extent than is from time to time customary in Lessee's industry. All such insurance shall name Lessor as an additional insured party with respect to liability policies and as a loss payee with respect to property policies.

9.2 Insurer.

Lessee agrees to effect or cause to be effected all insurance provided for in this Article IX with insurance companies reasonably satisfactory to Lessor. All such policies shall provide that (i) Lessor shall be named as an additional insured party with respect to liability policies and as a loss payee with respect to property policies, (ii) the same shall not be canceled, materially modified or terminated without at least 30 days' prior written notice to each insured and additional insured or loss payee named therein, and shall provide for at least 30 days' prior written notice to each insured or loss payee and additional insured named therein as of the date on which such policies shall terminate by lapse of time if not renewed and (iii) any foreclosure or other proceedings relating to the Equipment or Other Personal Property will not invalidate the policy as to Lessor. No such policy shall contain a provision (i) under which Lessee is a co-insurer, or (ii) if such coverage is provided by more than one policy, relieving the insurer thereunder of liability to Lessor for any loss by reason of the existence of other policies of insurance carried by Lessee or others covering the Equipment or Other Personal Property against the peril involved, whether collectible or not, or (iii) relieving the insurer of liability to Lessor by reason of the breach or violation by Lessee or others of any warranties, declarations or conditions contained in such policies. All insurance policies which Lessee shall carry or cause to be carried pursuant to this Article IX shall waive subrogation as against the Lessor, which waiver shall include any self-insured retention by Lessee.

9.3 Adjustment and Payment of Losses.

The loss, if any, under any casualty insurance required to be carried by this Article IX shall be adjusted with the insurance companies by Lessee and Lessor jointly if the loss exceeds U.S. \$1,000,000.00, otherwise such adjustment may be done without the approval of Lessor and shall be payable directly to the Lessee so long as no Default or Event of Default is continuing, provided, that no such direct payment to Lessee shall reduce Lessee's obligation to restore the Equipment and Other Personal Property as required in Section 10.1. Insurance proceeds for any loss in excess of \$250,000.00 shall be paid to a collateral agent acceptable to Lessor ("**Collateral Agent**") to be disbursed as provided in Section 9.9 and Article X. All such policies shall provide that the loss, if any, under such insurance shall be adjusted and paid as provided in this Agreement. Losses covered by public liability insurance shall be adjusted by and paid to the Person suffering such loss.

9.4 Evidence of Insurance.

Lessee shall, on or before the Closing Date, furnish Lessor with certified copies of original policies required hereunder if then available (and when available, if available later) and certificates of insurance therefor. Each certificate of insurance shall identify the insurance carrier, the type of insurance, the coverage limits and the policy term. On or before the Closing Date and on or before each anniversary thereof so long as any item of Equipment and Other Personal Property shall be leased hereunder, if so requested by Lessor in each instance, Lessee will deliver to Lessor a report by a firm of independent insurance brokers (which may be Lessee's regular insurance agency) chosen by Lessee and satisfactory to Lessor setting forth the insurance obtained by Lessee pursuant to this Article IX and then in effect and stating whether, in the opinion of such firm, such insurance complies with the requirements of this Article IX.

9.5 Renewal.

Prior to the expiration of any policy or policies of such insurance, Lessee shall renew such insurance, by delivering to Lessor certified copies of the original policies of insurance required hereunder if then available (and when available, if available later) and certificates of insurance, in accordance with Section 9.4 hereof, together with proof of payment of all premiums due therefor.

9.6 Compliance.

Lessee shall not violate, or permit to be violated, any of the conditions of any of the policies of insurance, and Lessee shall perform and satisfy the requirements of the companies writing such policies so that companies of good standing, reasonably satisfactory to Lessor, shall be willing to write and/or continue such insurance.

9.7 Additional Insurance.

Lessee shall not carry separate or additional insurance concurrent in form and contributing in the event of any loss or damage to the Equipment or Other Personal Property with any insurance required to be obtained by Lessee under this Agreement, unless such separate or additional insurance shall comply with and conform to all of the provisions and conditions of this Article IX. Lessee shall promptly give notice to Lessor of such separate or additional insurance.

9.8 Umbrella.

The insurance required by this Agreement, at the request of Lessee and with the approval of Lessor's insurance advisers, may be effected by blanket and/or umbrella policies issued to Lessee covering the Equipment, Other Personal Property and other properties owned or leased by Lessee, provided, that the policies otherwise comply with the provisions of this Agreement and allocate to the Equipment and Other Personal Property the specified coverage, without possibility of reduction or coinsurance by reason of, or damage to, any other premises or equipment named therein, and if the insurance required by this Agreement shall be effected by any such blanket or umbrella policies, Lessee shall furnish to Lessor certified copies of such policies, with schedules thereto if then available (and when available, if available later) or

certificates of insurance showing the amount of insurance afforded by such policies applicable to the Equipment and Other Personal Property.

9.9 Use of Insurance Proceeds.

(a) Provided that no Default or Event of Default has occurred and is continuing, Lessee shall have the option of either: (i) applying any insurance proceeds paid on account of loss, damage to or destruction of the Equipment or Other Personal Property to restoration in accordance with Section 10.2 hereof, or (ii) prepaying of Basic Rent and Replacement Rent as provided in Sections 3.1 and 19.1, and if all of the Lessee's obligations therefor under this Agreement are prepaid, then prepaying the obligations of NATCO and NWA, respectively, under the NATCO Lease and NWA Lease pursuant to the NAI Guarantee.

(b) Lessee shall notify Lessor and the Collateral Agent (if applicable) in writing of any of its choice as to application of insurance proceeds not more than thirty (30) days after payment of the insurance proceeds by the insurer. Any insurance proceeds in excess of \$250,000.00 disbursed pursuant to this Section 9.9 shall be held by the Collateral Agent until receipt of Lessee's written instructions as described above.

ARTICLE X.
DAMAGE OR DESTRUCTION

10.1 Equipment or Other Personal Property Casualty.

In addition to the obligation to maintain the Equipment imposed by Section 7.2 hereof, in the event any or all of the Equipment or Other Personal Property shall be or become lost, stolen, damaged or destroyed (including any of the foregoing for which insurance was not obtained or obtainable), in whole or in part, during the Term applicable to the affected Equipment or Other Personal Property, Lessee shall, unless Lessor agrees to the contrary in writing, restore, replace or rebuild (collectively "Restore") the affected Equipment or Other Personal Property as appropriate given the nature and extent of the harm thereto (as Restored the "Restoration Equipment" or "Restored Other Personal Property") at its own cost and expense (except to the extent that insurance proceeds are made available to Lessee for restoration pursuant to Section 10.2 hereof) as promptly as is practicable. The Restoration Equipment and Restored Other Personal Property shall be as good or better than the Equipment or Other Personal Property being Restored in function, design and all other aspects.

10.2 Application of Insurance Proceeds Regarding Equipment or Other Personal Property.

All insurance proceeds from policies required to be maintained hereunder received by or payable on account of any loss of, damage to or destruction of the Equipment or Other Personal Property or any part thereof shall be paid as follows:

(a) Subject to compliance by Lessee with the terms hereof, all such proceeds in excess of \$250,000.00 shall be disbursed by the Collateral Agent to Lessee not more frequently than every thirty (30) days, as the Equipment or Other Personal Property is Restored, to pay (or reimburse Lessee for) the cost thereof, provided, that the amount of such proceeds received by

Lessor, together with such additional amounts, if any, theretofore expended by Lessee out of its own funds to Restore the affected Equipment or Other Personal Property, are sufficient to pay the estimated cost to Restore the Equipment or Other Personal Property, and then only upon a written request of Lessee, accompanied by supporting evidence reasonably satisfactory to Lessor, setting forth in reasonable detail the work to be done to Restore the affected Equipment or Other Personal Property, the actual cash expenditures made to date therefor, the estimated total cost thereof (including the remaining total cost thereof) and stating that there is not (and there shall not in fact be) any Default or Event of Default which has occurred and is continuing. Upon the written request of Lessee, accompanied by evidence satisfactory to the Lessor that the Equipment or Other Personal Property has been Restored and the costs thereof paid in full and that there are no mechanics' or similar liens for labor or materials supplied in connection therewith, the balance, if any, of such proceeds shall, if no Default or Event of Default shall have occurred and be continuing, be paid by the Collateral Agent to Lessor and applied against Rent due hereunder in accordance with Section 9.9(a)(ii).

(b) Pending application as provided elsewhere in this Article X, all such insurance proceeds held from time to time by Lessor shall be invested and reinvested by Lessor or the Collateral Agent, in such investments as Lessor shall deem appropriate. Upon any sale or payment of any Investment, the proceeds thereof, plus any interest received by Lessor therein, shall be paid by Lessor as part of such insurance proceeds.

10.3 Purchase Option Exercise.

Lessor acknowledges Lessee may at its option request insurance proceeds to be applied under Section 19.2 if Lessee elects to exercise its option thereunder.

10.4 Continuing Rent Obligation.

This Agreement shall not terminate or be forfeited or be affected in any manner, and there shall be no reduction or abatement of the Rent payable hereunder, by reason of damage to or total, substantial or partial destruction of the Equipment, Other Personal Property or any part thereof or by reason of the untenability of the same or any part thereof, for or due to any reason or cause whatsoever, and, notwithstanding any law or statute present or future, Lessee waives any and all rights to quit or surrender the Equipment, Other Personal Property or any part thereof. Lessee expressly agrees that its obligations hereunder, including the payment of Rent hereunder, shall continue as though the Equipment and/or Other Personal Property had not been damaged or destroyed and without abatement, suspension, diminution or reduction of any kind.

ARTICLE XI. CONDEMNATION

11.1 Whole Taking.

In case of a Taking of the whole or Substantially all of the Equipment (other than for a Temporary Taking), (i) Lessee's right to possession of the Equipment shall terminate as of the Vesting Date, and (ii) all awards for such Taking shall be payable to Lessor and applied to the Rent due under this Agreement in the inverse order of the maturity thereof.

11.2 Minor Taking of Equipment.

In the case of a Taking of less than Substantially all of the Equipment (other than for a Temporary Taking) (a "Minor Taking"), Lessee shall replace the taken Equipment with Restoration Equipment within two years from the Vesting Date. Any award paid to Lessor shall be made available to Lessee to be applied to pay the cost of the Restoration Equipment and shall be disbursed in accordance with the provisions of Section 10.6 hereof in the same manner as insurance proceeds. If the award payable to Lessor shall be less than the estimated cost of the Restoration Equipment, Lessee shall pay the difference between the portion of the award payable to Lessor and the estimated cost of the Restoration Equipment (the "Restoration Deficiency") prior to the application of the award and this Agreement shall continue in full force and effect without any abatement in Rent. Notwithstanding the foregoing provisions to the contrary and provided that no Default or Event of Default has occurred and is continuing, Lessee shall have the option of either: (i) applying any condemnation award paid on account of a Minor Taking of the Equipment to the purchase of Restoration Equipment, or (ii) prepaying of Basic Rent as provided in Sections 3.1 and 19.1, and if all of the Lessee's obligations therefor under this Agreement are prepaid, then the obligations of NATCO and NWA, respectively, under the NATCO Lease and NWA Lease pursuant to the NAI Guarantee. Lessee shall notify Lessor and the Collateral Agent (if applicable) in writing of its choice as to application of the condemnation award not more than thirty (30) days after payment of the award. Any condemnation award in excess of \$250,000.00 disbursed pursuant to this Section 11.2 shall be held by the Collateral Agent until receipt of Lessee's written instructions as described above. Lessee shall be entitled to adjust and retain any condemnation award of \$250,000.00 or less, provided, that the award shall be used to purchase Restoration Equipment or to prepaying Rent as provided in Sections 11.1 and 11.2.

11.3 Temporary Taking.

In the event of a Temporary Taking of all or any portion of the Equipment for a temporary use, the foregoing provisions of this Article XI shall be inapplicable thereto, this Agreement shall continue in full force and effect without reduction or abatement of Rent, and Lessee alone shall be entitled to make claim, for, recover and retain any award recoverable in respect of such Temporary Taking whether in the form of rental or otherwise. Unless a Default or Event of Default has occurred and is continuing, Lessor shall have no interest in an award to the extent such award covers a period beyond the expiration of the Term of this Agreement. A "Temporary Taking" of the Equipment shall be a Taking or use of the Equipment by the United States Government or other governmental entity for a period of less than two years.

ARTICLE XII.

OBLIGATIONS OF LESSEE REGARDING EQUIPMENT AND OTHER PERSONAL PROPERTY

12.1 Compliance with Laws and Regulations.

(a) Lessee shall promptly comply with all laws, ordinances, orders, rules, regulations, and requirements of all federal, state, municipal or other governmental or quasi-governmental authorities or bodies then having jurisdiction over the Equipment or Other Personal Property (or

any part thereof) and/or the use thereof by Lessee, of every nature and kind as now or hereafter existing (the "**Requirements**") including any of the same which relate to or require (i) structural changes to the Equipment, (ii) changes or requirements incident to or as the result of any use thereof or otherwise, or (iii) changes or requirements to the Equipment or Other Personal Property necessary to keep the Equipment or Other Personal Property continually certified for simulator training of commercial pilots (including but not limited to a Federal Aviation Administration certification), and Lessee shall so perform and comply, whether or not such Requirements shall now exist or shall hereafter be enacted or promulgated and whether or not the same may be said to be within the present contemplation of the parties hereto.

(b) Lessee shall make any capital improvement or other alteration necessary as a result of any Requirement arising after the Closing Date, provided (i) such capital improvements and alterations shall be deemed to be Alterations pursuant to Section 8.1 for determining the rights and responsibilities of Lessee and Lessor, (ii) the cost and expense of the capital improvements and alterations shall be the sole responsibility of Lessee, and (iii) such capital improvements and alterations shall become a part of the Equipment and be subject to this Agreement and shall be free and clear of any Liens, but subject to Permitted Encumbrances.

12.2 Lessee to Notify Lessor.

Lessee agrees to give Lessor notice of any (i) governmental air worthiness directives with respect to the Equipment; (ii) notices of condemnation, zoning, or use changes which will impact the Equipment; and (iii) violations of any Requirement enacted, passed, promulgated, made, issued or adopted by any of the governmental departments or agencies or authorities hereinbefore mentioned, affecting the Equipment or Lessee's use thereof, a copy of which is served upon or received by Lessee, or a copy of which is posted on, or fastened or attached to the Equipment, or otherwise brought to the attention of Lessee, by mailing within five (5) business days after such service, receipt, posting, fastening or attaching or after the same otherwise comes to the attention of Lessee, a copy of each and every one thereof to Lessor. At the same time, Lessee will inform Lessor as to the work or steps which Lessee proposes to do or take in order to cure the violation. Notwithstanding the foregoing, however, if such work or step would require any alterations which would, in Lessor's opinion, reduce the value of the Equipment or change the general character, design or use of the Equipment, and if Lessee does not desire to contest the same, Lessee shall, if Lessor so requests, defer compliance therewith in order that Lessor may, if Lessor wishes, at Lessor's expense, contest or seek modification of or other relief with respect to such Requirements, but nothing herein shall relieve Lessee of the duty and obligation, at Lessee's expense, to comply with such Requirements, or such Requirements as modified, whenever Lessor shall so direct. Lessor shall pay any interest or penalty, if any, resulting from Lessor's deferral of compliance with such work or step.

12.3 Indemnity.

Except to the extent due to Lessor's gross negligence or willful misconduct, Lessee shall defend, indemnify and save harmless Lessor, and any officers, commissioners, directors, agents, counsel or employees of any of the foregoing (collectively, "**Indemnified Parties**"), from (i) any and all liabilities, claims, causes of actions, suits, damages and expenses (collectively, "**Indemnity Claims**") arising from (a) any work or thing whatsoever done, or any condition created in or

about the Equipment or Other Personal Property during or prior to the Term, (b) any use, non-use, possession, alteration, repair, condition, operation, management or maintenance of the Equipment or Other Personal Property or any part thereof prior to or during the Term, (c) any negligent or otherwise wrongful act or omission of Lessee or any of its subtenants or licensees or its or their employees, agents, or contractors prior to or during the Term, (d) any accident, injury (including death) or damage to any person or property occurring with respect to the Equipment or Other Personal Property prior to or during the Term, (e) any contest by Lessee of Taxes, Requirements or other matters permitted by this Agreement, and (f) any breach, violation or non-performance of any covenant, condition or agreement in this Agreement to be fulfilled, kept, observed or performed by Lessee prior to or during the Term; and (ii) all costs, expenses and liabilities incurred, including reasonable attorneys' fees and disbursements through and including appellate proceedings, in connection with any such Indemnity Claims. If any action or proceeding shall be brought against any of the Indemnified Parties by reason of any such Indemnity Claims, Lessee, upon notice from any of the Indemnified Parties, shall resist and defend such action or proceeding, at its sole cost and expense by counsel chosen by Lessee who shall be satisfactory to such Indemnified Party. Lessee or its counsel shall keep each Indemnified Party fully apprised at all times of the status of such defense. Counsel for Lessee's insurer shall be deemed satisfactory to such Indemnified Party. Notwithstanding the foregoing, an Indemnified Party may retain its own attorneys to defend or assist in defending any claim, action or proceeding. Should an Indemnified Party retain its own attorneys and the claim, action or proceeding involve potential liability less than \$5,000,000.00, the Indemnified Party shall pay the fees and disbursements of such attorneys. Should an Indemnified Party retain its own attorneys and the claim, action or proceeding involve potential liability in excess of \$5,000,000.00, the Lessee shall pay the reasonable fees and disbursements of such attorneys. The provisions of this Section 12.3 shall survive the expiration or earlier termination of this Agreement. Lessee's obligations under this Section 12.3 shall not extend beyond the lapse of all time periods under applicable statutes of limitations.

12.4 Liens.

(a) If at any time prior to, or during the Term (or within the statutory period thereafter if attributable to Lessee), any mechanic's Lien, which shall have been either created by, caused (directly or indirectly) by, or suffered against Lessee, shall be asserted against the Equipment or Other Personal Property or any part thereof, and, which, if successfully asserted would result in a Lien senior to the interest of Lessor under the NAI Security Agreement, shall be removed or discharged within thirty (30) days from the date of assertion if such Lien is for an amount less than \$100,000.00 or shall be removed or discharged forthwith if such Lien is for an amount in excess of \$100,000.00. If any Lien would, if successfully asserted, result in a Lien senior to the interest of Lessor under the NAI Security Agreement, then Lessee shall cause such Lien, if other than a Permitted Encumbrance, to be removed or discharged within sixty (60) days of the assertion thereof if the Lien is for more than \$100,000.00, or to be removed or discharged within ten (10) days of the commencement of the foreclosure thereof if the Lien is for less than \$100,000.00. Lessee, at its sole cost and expense, may cause any Lien to be discharged by depositing with a court of competent jurisdiction such payment or bond necessary to discharge the lien of record or pay the amount of such Lien.

(b) Subject to Lessee's compliance with Section 12.4(a), Lessee may contest the validity of such Lien. Upon a final determination of the validity of any such Lien, Lessee shall immediately pay any judgment or decree rendered against Lessee or Lessor with all proper costs and charges, including attorneys' fees and shall cause such Lien to be released of record without cost to Lessor.

(c) Lessee shall, upon notice and request in writing by Lessor, defend for Lessor, at Lessee's sole cost and expense, any action or proceeding which may be brought on or for the enforcement of any such Lien or order for payment of money, and shall pay any damages and satisfy and discharge any judgment entered in such action or proceeding and save harmless Lessor from any liability, claim or damage resulting therefrom. In default of Lessee's procuring the discharge of any such Lien as aforesaid, Lessor may, without notice, and without prejudice to its other remedies hereunder, procure the discharge thereof by bonding or payment or otherwise, and all cost and expense which Lessor shall incur shall be paid by Lessee to Lessor as Supplemental Rent forthwith.

12.5 Lessor Not Liable.

Lessor shall not under any circumstances be liable to pay for any work, labor or services rendered or materials furnished to or for the account of Lessee upon or in connection with the Equipment or Other Personal Property and no mechanic's or other Lien for such work, labor or services or material furnished shall, under any circumstances, attach to or affect the interest of Lessor in and to the Equipment or Other Personal Property or any alterations, repairs, or improvements to be made thereon. Nothing contained in this Agreement shall be deemed or construed in any way as constituting the request or consent of Lessor, either express or implied, to any contractor, subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration to or repair of the Equipment or Other Personal Property or any part thereof, nor as giving Lessee any right, power or authority to contract for or permit the rendering of any services or the furnishing of any materials on behalf of Lessor that would give rise to the filing of any Lien against the Equipment or Other Personal Property.

12.6 Loss or Damage.

Neither Lessor nor its agents shall be liable for any loss of or damage to the property of Lessee or others by reason of casualty, theft or otherwise, or for any injury or damage to Persons or property resulting from any cause of whatsoever nature, except to the extent due to the gross negligence or willful misconduct of Lessor, its agents or employees.

ARTICLE XIII.

DISCLAIMER OF WARRANTIES; COMPLIANCE WITH LAWS AND RULES; INDEMNIFICATION

13.1 Disclaimer of Warranties.

THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP IN, THE EQUIPMENT OR OTHER PERSONAL

PROPERTY OR ANY PART THEREOF, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE EQUIPMENT OR OTHER PERSONAL PROPERTY OR ANY PART THEREOF FOR ANY PARTICULAR PURPOSE, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE CONDITION OF THE EQUIPMENT OR OTHER PERSONAL PROPERTY OR ANY PART THEREOF, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee. The Lessor and the Lessee acknowledge that the Lessee owned and was familiar with the Equipment and Other Personal Property immediately prior to the sale thereof by the Lessee to the Lessor pursuant to the NAI Purchase Agreement. The Lessor shall have no responsibility or liability to the Lessee or any other Person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by the Equipment or Other Personal Property or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of the Equipment or Other Personal Property or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, subleasing, servicing, maintenance, repair, improvement or replacement of the Equipment or Other Personal Property. The Lessee's delivery of a Certificate of Lessee's Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Equipment or Other Personal Property described therein is in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters. Unless an Event of Default or Default shall have occurred and be continuing, the Lessor agrees that, for the Term of this Agreement, the Lessee shall have the benefit of and shall be entitled to enforce, as the Lessor's agent, any and all claims for damages arising from warranties (whether express or implied) of manufacturers to the extent in effect with respect to the Equipment or Other Personal Property.

ARTICLE XIV.
EVENTS OF DEFAULT; REMEDIES

14.1 Events of Default.

The occurrence and continuation of any one or more of the following shall constitute an Event of Default:

- (a) default shall be made in payment when due of any Rent or any other amount payable hereunder, and such default shall not be remedied along with the payment of interest at the Overdue Rate;
- (b) the Lessee shall make or permit any unauthorized assignment or transfer of this Agreement, or any interest herein, or of the right to possession or use of the Equipment or Other Personal Property or any part thereof;
- (c) any insurance required by the terms hereof shall at any time not be in full force or effect;

(d) failure of the Lessee to perform, comply with, or observe, in any material respect, any other term, condition or covenant of this Agreement not identified elsewhere in this Section 14.1 (excluding a default of any covenants described in Article XXI which default is exclusively governed by Section 14.1(n) below) within thirty (30) days after receipt of notice from the Lessor of such failure, or for such longer period of time as may be reasonably necessary to cure the Event of Default, so long as Lessee is reasonably capable of curing the Event of Default, the continuation of the Event of Default is not substantially prejudicial to Lessor, and Lessee promptly undertakes to cure and diligently pursues the curing of the Event of Default at all times until such Event of Default is cured;

(e) any representation or warranty of a material fact made by the Lessee herein, the NAI Purchase Agreement, or in any certificate or statement furnished to the Lessor pursuant to or in connection with this Agreement or the NAI Purchase Agreement proves untrue in any material respect as of the date of issuance or making thereof;

(f) (i) Lessee or any of its Affiliates (excluding Minor Affiliates) shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to Lessee or any of its Affiliates (excluding Minor Affiliates), or seeking to adjudicate Lessee or any of its Affiliates (excluding Minor Affiliates) as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution, composition or other relief with respect to Lessee or its Affiliates (excluding Minor Affiliates) or any of its or their debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for Lessee or any of its Affiliates (excluding Minor Affiliates) or for all or any substantial part of any of its or their property; or (ii) Lessee or any of its Affiliates (excluding Minor Affiliates) shall make a general assignment for the benefit of its or their creditors; or (iii) there shall be commenced against Lessee or any of its Affiliates (excluding Minor Affiliates) any case, proceeding or other action of nature referred to in clause (i) above or seeking issuance of a warrant of attachment, execution, distraint or similar process against all of any substantial part of any of its or their property, which case, proceeding or other action results in the entry of an order for relief or remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iv) Lessee or any of its Affiliates (excluding Minor Affiliates) shall take any action consenting to or approving of any of the acts set forth in clause (i) or (ii) above; or (v) Lessee or any of its Affiliates (excluding Minor Affiliates) shall generally not, or shall be unable to, pay any of its or their debts as they become due or shall admit in writing its or their inability to pay any of its or their debts;

(g) any money judgment, writ or warrant of attachment or similar process, or any combination thereof, involving an amount in excess of \$10,000,000.00 shall be entered or filed against the Lessee or any of the Guarantors or any of their respective assets and shall remain undischarged, unvacated, unbonded or unstayed for a period of sixty (60) days or in any event later than five (5) days prior to the date of any proposed sale or execution thereunder;

(h) any order, judgment or decree shall be entered against the Lessee or any of its Affiliates (excluding Minor Affiliates) decreeing dissolution or split-up of the Lessee or any of its Affiliates (excluding Minor Affiliates) and such order shall remain undischarged or unstayed for a period in excess of sixty (60) days;

(i) the Lessee or any of the Guarantors shall be prohibited or otherwise restrained from conducting a material portion of the business theretofore conducted by it by virtue of any determination, ruling, decision, decree or order of any court, administrative or regulatory authority of competent jurisdiction and such determination, ruling, decision, decree or order remains unstayed and in effect for any period of sixty (60) days;

(j) (i) the occurrence of an Event of Default (as defined therein) under either: (A) the Amended and Restated Credit Agreement dated as of March 26, 1992 among, inter alia, Bankers Trust Company, as Agent, and certain Affiliates of Lessee, as amended from time to time (the "**BT Agreement**"), or (B) after payment and performance of all obligations and liabilities under the BT Agreement and subsequent termination thereof, any agreement pursuant to which or under which Lessee or any of its Affiliates has been or is obligated for at least U.S. \$500,000,000.00 or at least U.S. \$500,000,000.00 is available to be borrowed by Lessee or any of its Affiliates ("**Major Debt Agreement**") and (ii) such obligations being past due in full under either of the BT Agreement or a Major Debt Agreement (unless Lessee is engaged in good faith negotiations to extend the loan term and the lender thereunder is not pursuing its remedies under the loan documents) or acceleration or the demand for the payment in full of such obligations;

(k) an Event of Default (as defined therein) under, or other failure by Lessee or any Affiliate (excluding a default of any covenants described in Article XXI, which default is exclusively governed by Section 14.1(n) below or in Section 14.1(n) of the Other Financing Leases) to comply with, or observe any term, covenant or condition of any of the following:

- (i) Purchase Agreements;
- (ii) Other Financing Leases;
- (iii) Security Documents;
- (iv) Pledge Agreement;
- (v) Lease Guarantees

(l) an Event of Default (as defined therein) by NAI or any of its Affiliates, if a party thereto, occurs under the Duluth Lease or an Early Amortization Event (as defined therein) by NAI occurs under the Chisholm Agreement;

(m) a default by NAI or any of its Affiliates, if a party thereto, occurs under the Development Agreement or if NAI terminates the Chisholm Agreement for any reason (other than the failure of the IRRRB to deposit with the Disbursing Agent as described in Section 3.2 of the Chisholm Agreement the principal amount of the loans described in Section 3.3 of the Chisholm Agreement pertaining to the Chisholm Facility for reasons other than non-performance by NAI of any of its obligations under the Chisholm Agreement); or

(n) default shall be made in payment when due of any amount payable under Section 21.4 hereof or default shall be made in performance of any specific performance

obligation under Section 21.4 hereof after the expiration of any applicable grace period, if any, provided for therein.

14.2 Remedies.

If an Event of Default occurs hereunder, the Lessor, at its option, may at any time thereafter, do one or more of the following as the Lessor in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect:

(a) declare all Rent to be immediately due and payable and upon such declaration, there shall be immediately due and payable from Lessee to Lessor the amount determined under Section 19.2(a) as of the date the total amount thereof is received in full;

(b) proceed by appropriate court action or actions, either at law or in equity, to enforce the performance by the Lessee of the applicable covenants and terms of this Agreement or to recover damages for the breach thereof;

(c) terminate all rights of Lessee under this Agreement, and, whether or not Lessee's rights under this Agreement have been so terminated, exercise any or all of its rights under the Security Documents.

ARTICLE XV.

LOCATION AND USE; ASSIGNMENT BY LESSEE

15.1 Location and Use.

(a) Except as otherwise permitted by Sections 15.1(b) or (c) and 15.2 hereof or unless the Lessor otherwise agrees in writing, the Lessee agrees that the Equipment and Other Personal Property will be used solely in the conduct of its business, and will at all times be and remain in the exclusive possession and control of the Lessee or NATCO, with respect to the NAI Equipment, at the Premises (as the same may change pursuant to the terms hereof) (or, with respect to that certain Simulator designated as B727-100 #1 on Schedule I attached hereto, Miami, Florida) and, with respect to the Airport Equipment or Other Personal Property, at the present location thereof, provided, that the Lessee may deliver possession of any part or portion of the Equipment to any manufacturer, contractor or supplier designated by the Lessee for purposes of realizing the benefits of any warranty or in order to comply with the obligations and rights of the Lessee under Articles VII, VIII or XV hereof, but the rights of any such party in possession of such part or portion of the Equipment or Other Personal Property shall be subject and subordinate to the terms of this Agreement, including without limitation the right of the Lessor to take possession of the Equipment and Other Personal Property pursuant to Article XIV hereof.

(b) Notwithstanding the foregoing provisions to the contrary, Lessee may transfer Simulators to other sites in the United States in accordance with the provisions of the Collateral Agreement.

(c) Lessee shall have the right to transfer all Simulators to the Replacement Building in accordance with the terms of the NWA Mortgage.

15.2 Assignment or Subletting by Lessee.

The Lessee agrees that, without the prior written consent of the Lessor, the Lessee will not (except as permitted by Section 20.2(c) and (d) and Subsections 15.2(a) and (b) below), sell, assign, transfer or sublease its right in respect of the Equipment or Other Personal Property under this Agreement, or permit its rights or interest hereunder to be subject to any Lien except Permitted Encumbrances. Notwithstanding the foregoing provisions to the contrary:

(a) Lessee shall have the right to transfer its interest in any Simulators to any Affiliate in accordance with the provisions of the Collateral Agreement; and

(b) Lessee shall have the right to sublease any Simulators to a Person other than an Affiliate of Lessee in accordance with the provisions of the Collateral Agreement.

ARTICLE XVI.
INTENTIONALLY OMITTED

ARTICLE XVII.
LESSOR'S RIGHT TO PERFORM FOR THE LESSEE

If the Lessee fails to perform or comply with any of its agreements contained herein after notice of such failure to Lessee, if any is required hereunder, and after the time period during which Lessee may cure, if any is provided herein, has passed, the Lessor may, upon further prior written notice to the Lessee, itself perform or comply with such agreement and may enter upon the Premises for such purpose, provided, that Lessor is accompanied by an escort to the extent required by law, and the amount of the reasonable costs and expenses of the Lessor incurred in connection with such performance or compliance, together with interest on such amount at the Advance Rate, shall be payable by the Lessee upon demand. No such performance or compliance by the Lessor shall be deemed a waiver of the rights and remedies of the Lessor against the Lessee hereunder or be deemed to cure the Event of Default or Default of the Lessee hereunder.

ARTICLE XVIII.
PARTIAL RELEASE FROM OBLIGATIONS

Notwithstanding anything to the contrary contained herein, Lessor's rights and Lessee's obligations under this Agreement with respect to any specific items of Collateral (as defined in the Collateral Agreement) shall cease automatically upon the release of such Collateral pursuant to the Collateral Agreement.

ARTICLE XIX.
PREPAYMENT OR PURCHASE

19.1 Prepayments.

(a) Lessee may prepay Basic Rent in whole or in part in accordance with Section 19.1(b) or (c) hereof; provided, however, that Basic Rent shall be prepaid in part in the event of breaches of Public Policy Covenants as more fully set forth in Article XXI hereof. Installments of Basic Rent shall be adjusted (and Schedules A and B revised) in accordance with this Section 19.1 to reflect any partial prepayment of Basic Rent and redemption of GO Bonds. Notwithstanding anything contained in this Section 19.1 to the contrary, no prepayments of Basic Rent shall be permitted hereunder unless prepayment occurs concurrently under each of the MAC Leases with each Lessee under the MAC Lease prepaying its respective Applicable Percentage of the total amount so prepaid. Partial prepayments of Basic Rent shall be used to redeem GO Bonds proportionately between the maturities (and proportionately to sinking fund redemptions within a single maturity), unless otherwise agreed to by the Lessor and Lessee.

(b) The Lessee may prepay Basic Rent in whole or in part on any date prior to November 15, 2011, by depositing with the Lessor the Applicable Percentage of the Defeasance Amount (Optional).

(c) The Lessee may prepay Basic Rent in whole or in part on any date on or after November 15, 2011, by depositing with the Lessor not less than forty-five (45) days prior to a Redemption Date selected by the Lessee, an amount which, together with the Applicable Percentage of the Series 15 Bond Account Balance (or applicable portion thereof in the event of a partial prepayment), equals the Applicable Percentage of the Discharge Amount. Any portion of such deposit and investment earnings thereon and on such Applicable Percentage of the Series 15 Bond Account Balance in excess of the amount needed to redeem GO Bonds on the Redemption Date shall be returned to the Lessee on the Redemption Date.

(d) The Lessee may prepay Replacement Rent in whole or in part on any date; provided, however, that Replacement Rent shall be prepaid in part in the event of breaches of Public Policy Covenants as more fully set forth in Article XXI hereof. Installments of Replacement Rent shall be adjusted (and the Replacement Rent Schedule revised) in accordance with this clause (d) of Section 19.1 to reflect any partial prepayment of Replacement Rent. Notwithstanding anything contained in this Section 19.1 to the contrary, no prepayments of Replacement Rent shall be permitted hereunder unless prepayment occurs concurrently under each of the MAC Leases with each Lessee under the MAC Leases prepaying its respective Applicable Percentage of the total amount so prepaid. Prepayments of Replacement Rent shall be applied so as to reduce installments payable on each Rental Payment Date pro rata, unless otherwise agreed to by the Lessor and the Lessee.

19.2 Purchase Option.

(a) Lessee shall have the option to purchase the Equipment and Other Personal Property at any time subsequent to the issuance of the GO Bonds. In any such case, Lessee shall,

to exercise its option hereunder, deposit with Lessor one Dollar plus such amount as may be required to prepay Basic Rent in whole pursuant to Section 19.1 hereof.

(b) Once Lessee has delivered to Lessor the purchase price required by Section 19.2(a), this Agreement will be terminated and all Equipment and Other Personal Property will be released from the Lien of the instrument under which it is created. To exercise its option hereunder, Lessee shall notify Lessor in writing, stating a date of closing of such purchase not less than 30 nor more than 90 days after the date of such notice. Upon exercise of this option, Lessee shall be deemed to have purchased the Equipment and Other Personal Property and a closing shall be held in accordance with Section 19.3 hereof.

19.3 Closing on Purchase by Lessee.

Upon the exercise and performance of Lessee's option to purchase the Equipment and Other Personal Property pursuant to Section 19.2, Lessee and Lessor will proceed as follows:

At the closing, which shall be held at the principal office of Lessor, or such other place as the parties may mutually select, Lessor shall convey to Lessee all of its right, title and interest in and to the Equipment and Other Personal Property, subject to:

- (i) those Liens, if any, created, permitted or acquiesced in by Lessee;
- (ii) those Liens, if any, resulting from the failure of Lessee to perform or observe any of its agreements in this Agreement;
- (iii) Permitted Encumbrances;
- (iv) the Lien of personal property taxes levied against the Equipment or Other Personal Property and not yet due and payable;
- (v) the rights and title of the condemning authority if the option is exercised upon the event of a Taking; and
- (vi) Lessee shall take the Equipment and Other Personal Property subject to all applicable laws, ordinances, rules and regulations of governmental authorities.

(b) Lessor shall convey all of its right, title and interest in and to the Equipment and Other Personal Property by quit claim bill of sale, which bill of sale shall be delivered upon payment by Lessee to Lessor of the purchase price specified above, for deposit to the account of Lessor. Lessee shall pay all costs and expenses of the preparation of the deeds, assignments and bills of sale and other necessary closing documents and the delivery thereof and all taxes and charges payable in connection with the conveyance.

On conveyance of Lessor's interest in the Equipment and Other Personal Property and payment therefor as provided in this Section 19.3, Lessor will deliver a release of the Security Agreements and the leasehold estate created by this Agreement, and all rights and obligations of Lessee hereunder shall terminate, except to the extent any of Lessee's obligations are specifically provided to continue after such termination, but until such conveyance Lessee's obligation for

the continued maintenance of the Equipment and Other Personal Property and all other obligations under this Agreement shall remain unaffected.

In the event Lessee exercises its option to purchase hereunder, and the amount deposited with Lessor therefor is greater than the required purchase price, Lessee shall be entitled to receive the excess at the time of closing.

19.4 Mandatory Prepayment Upon Failure to Issue Bonds or Deposit Loan Proceeds.

If the State shall fail to issue its bonds as set forth in Section 2(h) of the Development Agreement and/or the IRRRB shall fail to deposit with the Disbursing Agent as described in Section 3.2 of the Chisholm Agreement the principal amount of the loans described in Section 3.3 of the Chisholm Agreement pertaining to the Chisholm Facility (for reasons other than the non-performance by NAI of any of its obligations under the Chisholm Agreement), and as a result of such failure or failures, NAI shall have the right, and shall elect to exercise the right, to not construct either or both of the Chisholm Facility or the Duluth Facility then Lessee shall prepay the Applicable Percentage of the applicable percentage of the Facilities Pre-Payment Amount upon each of the applicable Facilities Pre-Payment Dates. Nothing contained in this Section 19.4 shall be deemed to alter the Lessee's obligation to make Rent payments hereunder until all Rent is paid.

ARTICLE XX.

FINANCIAL STATEMENTS, REPORTS AND FILINGS; INSPECTION AND CERTIFICATES AND COVENANTS

20.1 Reports.

Lessee will furnish to Lessor and the Collateral Agent the following information:

(a) Financial Reports.

(i) U.S. Department of Transportation ("**DOT**") Form 41's as and when those forms are required to be filed with DOT, (ii) no later than March 31 of each year, audited consolidated financial statements of each of Lessee, NWA and Wings for the year ended on the prior December 31, (iii) no later than forty-five (45) days after the end of each calendar quarter, unaudited consolidated financial statements of each of Lessee, NWA and Wings for the quarter so ended, and (iv) copies of each financial press release issued by any of them mailed on the same day that any such press release is sent to news services and the portions of "Wings Holdings Inc. and NWA Inc. Financial and Statistical Report" entitled "Northwest Airlines Holdings Corporation (Consolidated)," "NWA Inc. (Consolidated)" and "Northwest Airlines, Inc.," on a quarterly and year to date basis, as more fully set forth below:

NORTHWEST AIRLINES HOLDINGS
CORPORATION (CONSOLIDATED)

Consolidated Statements of Operations

- Year-over-Year Comparisons
- Budget Comparisons
- Quarter Comparisons

Consolidating Statements of Operations

- Year-to-Date
- Quarter

Consolidated Statements of Cash Flows

- Quarter and Year-to-Date

Consolidated Balance Sheets

Consolidating Balance Sheet

Statement of Stockholders' Equity

NWA INC. (CONSOLIDATED)

Consolidated Statements of Operations

- Year-over-Year Comparisons
- Budget Comparisons
- Quarter Comparisons

Consolidating Statements of Operations

- Year-to-Date
- Quarter

Consolidated Statements of Operations

(Thirteen Month Trend)

Consolidated Statements of Cash Flows

- Quarter and Year-to-Date

Consolidated Balance Sheets

Consolidating Balance Sheet

NORTHWEST AIRLINES, INC.

Statements of Operations

- Year-over-Year Comparisons
- Budget Comparisons
- Quarter Comparisons

Consolidated Statements of Cash Flows

- Quarter and Year-to-Date

Balance Sheets

At any time that any of Lessee, NWA or Wings is subject to the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), such entity shall furnish reports required to be filed under the 1934 Act as and when such reports are required to be filed in lieu of the reports required by the foregoing sentence. To the extent information supplied under the 1934 Act with respect to Lessee, Wings or NWA is contained in information with respect to any other entity, such information will not be separately supplied. Lessee agrees to make one of its financial officers available to Lessor no more often than once each quarter, to discuss with Lessor the information provided pursuant to this Section 20.1(a) and to provide consultation sufficient for Lessor to analyze such information. The provisions of that certain Confidentiality Agreement dated September 9, 1991 between NAI and Lessor shall continue to be applicable to all information delivered pursuant to this Section, provided, that except as provided below, Lessor acknowledges that such information, to the extent not otherwise publicly available, of both NWA and Wings will be designated as "NAI NONPUBLIC MATERIAL," and provided further, that summaries of financial information of NWA, Wings and Lessee

reasonably determined by Lessor upon advice of counsel or outside auditors to be necessary to satisfy applicable requirements of state or federal securities laws with respect to bonds issued by Lessor or financial reporting requirements of Lessor, shall be deemed to be public information. If the Lessor appoints a Collateral Agent, upon direction of the Lessor, the information to be provided pursuant to this Section shall be delivered to Collateral Agent in lieu of the Lessor.

(b) Notice of Default or Claimed Default. Immediately upon becoming aware of the existence of a Default or an Event of Default or that the Lessor has given notice or taken any other action with respect to an Event of Default or claimed Default under this Agreement, a written notice specifying the nature of the Default, Event of Default or claimed Default and any such notice given or action taken by the Lessor and what action the Lessee is taking or proposes to take with respect thereto.

(c) Information in Respect of Damages and Taxes. Such information and data as the Lessor may from time to time reasonably request as to (i) location and the existence and status of any claims for damages (whether against the Equipment or Other Personal Property or against the Lessor or the Lessee) arising out of the use, operation or condition of the Equipment or Other Personal Property, (ii) the Taxes of the nature provided to be paid by the Lessee under Article VI hereof which have been assessed and the amount of such Taxes paid, and (iii) such other data pertinent to the Equipment or Other Personal Property and the condition, use, repair and operation thereof as Lessor from time to time may reasonably request.

(d) Requested Information. Such other information (except information restricted by contract) as the Lessor may reasonably request.

(e) Inspection. Subject to the Lessee's reasonable requirements, the Lessee will permit any representative of the Lessor to visit and inspect the Equipment and Other Personal Property, and to inspect the books and records related to the Equipment and Other Personal Property at such reasonable times and as often as may be reasonably requested.

20.2 General Covenants.

Lessee agrees that during the continuance of this Agreement:

(a) Corporate Existence, Etc. Except as provided in Section 20.2(c), Lessee will at all times preserve and keep in full force and effect its corporate existence and rights and franchises material to its business.

(b) Employee Plans. If there shall be in effect any Plan, with respect to other than a Multiemployer Plan, for each Plan hereafter adopted or maintained by the Lessee or any ERISA Affiliate, Lessee shall or shall cause such ERISA Affiliate to (i) use its best efforts to seek and receive determination letters from the IRS to the effect that such Plan is qualified within the meaning of IRC Section 401(a); (ii) from and after the adoption of any Plan, use its best efforts to cause such Plan to be qualified within the meaning of IRC Section 401(a) and to be administered in all material respects in accordance with the requirements of ERISA and IRC Section 401(a); (iii) make all required contributions by the due date under IRC Section 412 and ERISA Section 302; and (iv) not take any action which would cause such Plan not to be qualified

within the meaning of IRC Section 401(a) or not to be administered in all material respects in accordance with the requirements of ERISA and IRC Section 401(a).

(c) Consolidation and Merger. Lessee will not, and will not permit any Subsidiary to, directly or indirectly, consolidate with or merge into any other Person, or permit any other Person to consolidate with or merge into it, unless (i) Lessee gives Lessor thirty (30) days prior notice thereof; (ii) Lessee (but if Lessee no longer exists, the resultant entity) (A) has, immediately following such consolidation or merger, at least 90% of the same net worth as Lessee immediately preceding such consolidation or merger, established to the satisfaction of Lessor prior to the date of such consolidation or merger, and (B) assumes in writing satisfactory to Lessor, not later than the date of such consolidation or merger, all obligations of Lessee hereunder and under the NAI Guarantee, the NAI Security Agreement, the Collateral Agreement, and any other documents executed by NAI in connection with the transactions contemplated hereby; and (iii) no Default or Event of Default exists hereunder immediately before and after such consolidation or merger.

(d) Sale of Assets. Lessee will not, directly or indirectly, sell, abandon or otherwise dispose of any of its properties or assets, including its rights and obligations hereunder, except as otherwise provided in the Collateral Agreement or in connection with the sale or transfer of all or substantially all of the assets of the Lessee. No such sale or transfer shall occur unless (i) it includes the rights and obligations of the Lessee hereunder; (ii) Lessee gives Lessor at least thirty (30) days prior notice thereof; (iii) the transferee (A) has immediately following such transfer, at least 90% of the net worth as Lessee immediately preceding the transfer, established to the satisfaction of Lessor prior to the date of such transfer, and (B) assumes, in writing satisfactory to Lessor, not later than the date of such transfer, all obligations of Lessee hereunder and under the NAI Guarantee, NAI Security Agreement, the Collateral Agreement, and any other documents executed by NAI in connection with the transactions contemplated hereby; and (iv) no Default or Event of Default exists hereunder immediately before and after such transfer.

(e) Customer Contracts. Any contract hereafter entered into by Lessee granting the use or possession of any Simulator to any party shall by its terms be subordinate and junior to that of any party holding a security interest therein or on such other terms as Lessor may in writing consent in its sole discretion.

(f) LBO Debt. Lessee will not, and will cause each of its Affiliates to not, directly or indirectly, use more than one-half of the proceeds of the NATCO Purchase Agreement, NAI Purchase Agreement and NWA Purchase Agreement to prepay or make any payments against any principal, interest or premium on the LBO Debt. "LBO Debt" means the term loan obligations owing under the BT Agreement or debt incurred to replace or repay such obligations (other than the obligations of Lessee hereunder). For purposes of this Section 20.2(f) the term "indirectly" includes any prepayment of the LBO Debt within 120 days after the Closing Date with any new funds other than those received from earnings, financings or asset sales.

(g) Lease Rejection. If Lessee or any of its Affiliates, rejects any of the leases of property between the Lessee or any such Affiliate, as lessee, and MAC, as lessor, under § 365 of the Bankruptcy Code (or under any similar provision of any similar law), Lessee agrees that it shall act to reject, and shall cause all its Affiliates to act to reject, all such leases. Lessee further

covenants and agrees that any such rejection shall automatically constitute rejection of all other such leases, whether or not further action is taken by Lessee or such Affiliates do so. The provisions of this Section 20.2(g) shall not affect the determination of whether any contract or agreement constitutes "lease" for purposes of § 365 of the Bankruptcy Code (or any similar provision).

(h) No Investment Proposal. The Lessee covenants and agrees to not, and to cause all of its Affiliates to not, submit any proposal for investment in the Lessee or any of its Affiliates, or request any investment in the Lessee or any of its Affiliates, from any retirement, pension or similar fund administered by the Minnesota State Board of Investment. For purposes of this Section 20.2(i), "investment" shall include any property delivered to or exchanged with any Person whether against delivery of stock, evidence of indebtedness, or other obligations or security.

(i) Net Worth. At any time that no Major Debt is outstanding, Lessee shall maintain a Tangible Net Worth of not less than \$1,000,000,000.00 and Lessee shall furnish to Lessor a certificate setting forth the Tangible Net Worth of Lessee and a detailed calculation thereof as of the end of each calendar quarter at the times and along with the statements required by Sections 20.1(a)(ii) and (iii) hereof.

(j) Transactions with Alfred Checchi Associates, Inc. or Affiliates. All transactions between Lessee or any Affiliate of the Lessee and Alfred Checchi Associates, Inc., a Delaware corporation, shall be on terms no less favorable to Lessee (or such Affiliate) than would be available if the Person were not an Affiliate, except that this prohibition shall not apply to (i) normal arrangements between airlines if the aggregate effect of all such arrangements, in the opinion of Lessee's management, is in the best interest of Lessee, (ii) any transaction pursuant to the Existing Agreement, or (iii) any transaction between Lessee and a Guarantor or between the Guarantors.

(k) Location of Additional Heavy Maintenance Facilities. To the extent NAI or its Affiliates requires additional heavy maintenance facilities ("**Additional Facilities**") for the performance of additional heavy maintenance operations ("**Additional Operations**") on Airbus Aircraft owned, utilized or maintained by NAI or its Affiliates (and any other aircraft it determines appropriate) prior to December 31, 2005, NAI, for itself and its Affiliates, shall utilize its best efforts to (i) locate such Additional Facilities at the Duluth Facility so long as the State, the County, and Duluth provide for the issuance of bonds (pursuant to the Act or otherwise) to finance the cost of the Additional Facilities, or (ii) perform the Additional Operations at the Airport in existing NAI and Affiliate facilities at the Airport so long as capacity exists at such existing NAI and Affiliate facilities based on then current level of NAI and Affiliate operations thereat.

(l) The Lessee shall cooperate with the Lessor and the underwriters of the GO Bonds so that the provisions of Rule 15(c)2-12 of the 1934 Act are complied with. Failure of the Lessee to comply with this covenant shall not constitute an Event of Default under this Agreement or the Bond Resolution.

ARTICLE XXI.
PUBLIC POLICY REPRESENTATIONS AND COVENANTS; REMEDIES

21.1 Noise.

Lessee agrees that it shall, with respect to noise abatement at the Airport:

(a) consent to provide its Proportionate Share of Air Carrier Funding for soundproofing, purchase assurance and other project costs for Off-Airport Aircraft Noise Costs of not less than \$2,000,000 per year, beginning in 1994 through the date of termination of the Scheduled Airline Operating Agreement and Terminal Building Lease;

(b) accept delivery of Stage 3 Aircraft in 1992 having an aggregate Purchase Price of not less than \$390,000,000;

(c) (i) limit its Proportional Utilization of Stage 2 Aircraft at the Airport beginning in calendar year 1992 (calculated on an annualized basis) to no more than the Proportional Utilization of Stage 2 Aircraft throughout NAI's Domestic system, and (ii) not increase its Proportional Utilization of Stage 2 Aircraft at the Airport in any calendar year above the prior calendar year's Utilization, beginning in 1993 (as compared with 1992 Utilization); and

(d) comply with an 11:00 p.m. to 6:00 a.m. curfew at the Airport for scheduled passenger arrivals or departures of NAI Stage 2 Aircraft during such time period.

Section 21.1(c) above shall not be deemed to prevent Lessee from increasing its Proportional Utilization of Stage 2 Aircraft at the Airport in the event of Force Majeure.

21.2 Employment and Headquarters.

Lessee agrees that it shall, and shall cause its Affiliates, NATCO and NWA with respect to employment and Corporate Headquarters:

(a) (Overall Employment) To cause Affiliated Employees to be employed in the Minneapolis-St. Paul metropolitan area and the State of Minnesota at Substantially the level existing as of February 29, 1992 (which was 17,883 persons) (calculated annually); provided, however, Duluth Employees at the Duluth Facility and Chisholm Employees at the Chisholm Facility shall not be included in determining compliance with this provision 21.2(a);

(b) (Duluth Employment) To cause to be employed at the Duluth Facility Duluth Employees at Substantially the following levels: (A) on and after December 31, 1996, not less than 150 Duluth Employees; (B) on and after December 31, 1997, not less than 200 Duluth Employees; (C) on and after December 31, 1998, not less than 250 Duluth Employees; (D) on and after December 31, 1999, not less than 300 Duluth Employees; and (E) on and after December 31, 2000, not less than 350 Duluth Employees and to maintain at least such level of employment (calculated annually thereafter); provided, however, that the employment deadline dates set forth in this Employment Covenant (b) (Duluth Employment) shall be extended by one day for each day that the deadline for Substantial Completion of the Duluth Facility is extended as provided in the Development Agreement or as otherwise agreed to by the parties to the

Development Agreement; provided, however, that for purposes of this Employment Covenant (b) (Duluth Employment), (i) in determining whether or not NAI has satisfied this Employment Covenant (b) (Duluth Employment) as of any given date, NAI shall, notwithstanding the definition of Duluth Employees, be entitled to count as Duluth Employees a number of Other Employees equal to not more than 3% (rounded to the nearest whole number) of the then applicable required employment level set forth above (provided, however, that no Other Employee shall be counted who is performing a job created offsite, except for any job that could be reasonably performed regarding the maintenance of aircraft at the site of the Duluth Facility by an employee of NAI or its Affiliates, (ii) in no event shall said deadline for Substantial Completion be extended beyond August 31, 1997 without the prior written consent of MAC except to the extent that such extension is a result of Unavoidable Delays; (iii) notwithstanding the immediately preceding subsection (b)(ii), the deadline for Substantial Completion of the Duluth Facility shall not be extended beyond August 31, 1996 due to the failure of NAI to diligently pursue obtaining necessary permits; and (iv) notwithstanding the foregoing provisions of this Employment Covenant (b) (Duluth Employment), and notwithstanding the occurrence of an event or events of Force Majeure and/or Unavoidable Delays and/or any other event, if the date of Substantial Completion of the Duluth Facility has not occurred by June 30, 1998 for any reason (other than the election of NAI not to construct the Duluth Facility because of the failure of the State to issue its bonds pursuant to Section 2(h) of the Development Agreement for reasons other than the non-performance by NAI of its obligations under the Development Agreement) then, for purposes of this Employment Covenant (b) (Duluth Employment), the deadline for Substantial Completion shall be deemed to be June 30, 1998 and shall not be extended.

(c) (Chisholm Employment) To cause to be employed at the Chisholm Facility Chisholm Employees at Substantially the following levels: (A) not less than 75 Chisholm Employees not later than thirty (30) days after the Substantial Completion Date and for the period beginning on such date and ending on the effective date in (B) below, on average, not less than 75 Chisholm Employees; (B) not less than 200 Chisholm Employees not later than the anniversary date of the effective date in (A) above and for the period beginning on such date and ending on the effective date in (C) below, on average not less than 200 Chisholm Employees; (C) not less than 330 Chisholm Employees not later than the anniversary date of the effective date in (B) above and for the period beginning on such date and ending on the effective date in (D) below, on average not less than 330 Chisholm Employees; (D) not less than 460 Chisholm Employees not later than the anniversary date of the effective date in (C) above and for the period beginning on such date and ending on the effective date in (E) below, on average not less than 460 Chisholm Employees; and (E) not less than 504 Chisholm Employees not later than the anniversary date of the effective date in (D) above and to maintain at least such level of employment (calculated on an average basis for each calendar year or portion thereof thereafter) for ten years thereafter; provided, however, that (i) while the employment deadline dates set forth in this Employment Covenant (c) (Chisholm Employment) relate to the Substantial Completion Date of the Chisholm Facility, for purposes of this Employment Covenant (c) (Chisholm Employment) such Substantial Completion Date shall not be extended beyond July 31, 1997 without the prior written consent of MAC except to the extent that such extension is as a result of Chisholm Force Majeure; (ii) in any event, the Substantial Completion Date for the Chisholm Facility shall not be extended beyond August 31, 1996 due to NAI's failure to diligently pursue obtaining the necessary permits; (iii) in computing the number of Chisholm Employees described

above, no Chisholm Employee shall be recognized as such if the position occupied by such employee of NAI is transferred from another location within the State, and such transfer does not result in a gain in employment by NAI in the State, and no employee of an NAI Affiliate or Supplier shall be recognized if the position occupied by such employee is transferred from another location within the TTRA, and such transfer does not result in a gain in employment by such NAI Affiliate or Supplier in the TTRA; (iv) notwithstanding the foregoing provisions of this Employment Covenant (c) (Chisholm Employment), and notwithstanding the occurrence of an event or events of Force Majeure and/or Chisholm Force Majeure and/or any other event, if the construction of the Chisholm Facility fails to proceed for any reason other than the failure of the IRRRB to deposit with the Disbursing Agent as described in Section 3.2 of the Chisholm Agreement the principal amount of the loans described in Section 3.3 of the Chisholm Agreement (and with respect to such failure to deposit, for reasons other than the non-performance by NAI of any of its obligations under the Chisholm Agreement) such that for any reason the Substantial Completion Date of the Chisholm Facility has not occurred by June 30, 1998, then for purposes of this Employment Covenant (c) (Chisholm Employment), the Substantial Completion Date shall be deemed to be June 30, 1998 and shall not be extended; and (v) it is acknowledged that all or a portion of Loan B (as defined in the Chisholm Agreement) may be forgiven in the event that Employees (as defined in the Chisholm Agreement) at the Chisholm Facility exceed 504 Employees pursuant to the terms and conditions of the Chisholm Agreement, with the full amount of said Loan B to be forgiven upon the attainment of 604 Employees at the Chisholm Facility as further provided in the Chisholm Agreement.

For purposes of this Employment Covenant (c) (Chisholm Employment), if an employment position at the Chisholm Facility has been filled and thereafter a vacancy in the position occurs for a period not to exceed 90 days, the vacancy shall be disregarded in determining the number of Chisholm Employees as of a particular date or during a particular period.

This Employment Covenant (c) (Chisholm Employment) shall also not prevent Lessee from reducing the number of employees at the Chisholm Facility in response to an insufficient number of qualified persons available to be hired as employees; provided, however, that the Lessee first provides to MAC and the State a certificate stating that, to the best of its knowledge after using its best efforts to hire such persons, there is an insufficient number of individuals available with the skills and training required for such positions to be hired as employees in the number required under this Employment Covenant (c) (Chisholm Employment), and the Lessee further provides to MAC, not less often than each six months during the period that this condition persists, a certificate confirming that, to the best of its knowledge after using its best efforts to hire such persons, there is an insufficient number of individuals available with the skills and training required for such positions to be hired as Chisholm Employees in the number required under this Employment Covenant (c) (Chisholm Employment).

(d) (Headquarters) To maintain the Corporate Headquarters of NAI in the Minneapolis-St. Paul metropolitan area.

Section 21.2(a)-(d) above shall not be deemed to prevent Lessee or its Affiliates:

(i) from moving particular categories of employment or the facilities or operations associated therewith (other than NAI's Corporate Headquarters) from Minnesota, provided the required employment levels are maintained; or

(ii) from reducing or changing its Minnesota employment, operations or facilities (other than the location of NAI's Corporate Headquarters) in response to Force Majeure, business conditions, technological changes or statutory or regulatory changes; provided, except to the extent prohibited by applicable law or contractual obligations, NAI and NWA will use their best efforts to cause any such reductions or changes in Minnesota employment, operations or facilities to be substantially proportional to the comparable reductions or changes occurring elsewhere in its Domestic business locations, taking into account the category and character of *employment, facility, or operation*.

Lessee represents as of the date of this Agreement that it intends that the Duluth Facility when Operational shall employ Duluth Employees performing the particular functions and subject to the particular ranges of compensation described in Attachments 1 and 2 hereto.

21.3 Hub Covenant.

Lessee agrees that it shall, with respect to the Airport Hub:

(a) In order to ensure the continuation of the Hub in Minnesota as a major NAI Hub, NAI will maintain a sufficient proportion of connecting Flights at the Airport such that the number of NAI and NAI Code-Share Airlines enplaned revenue passengers whose Flight travel involves a Flight or Flights which arrive at and depart from the Airport (but whose Flight travel neither originates from nor terminates at the Airport) will not be less than 30% of the total number of NAI and NAI Code-Share Airlines enplaned revenue passengers whose Flight travel involves a Flight or Flights which arrive at or depart from the Airport (calculated annually); and

(b) NAI will maintain not less than Substantially 187 departing NAI and NAI Code-Share Airlines Flights per day from the Airport, calculated annually (which amount is seventy-five (75%) percent of the 1991 number of such Flights).

The above provision shall not be deemed to prevent NAI from reducing the Airport Hub in response to Force Majeure or to avoid violations of applicable law, statutes or regulations that would otherwise arise from compliance with such covenant.

21.4 Termination; Remedies.

(a) In the event Lessee, NWA and NATCO have paid or defeased all amounts owing under the *MAC Leases and Duluth Lease* and shall have paid, defeased, or been unconditionally discharged from all amounts owing under the Chisholm Agreement, then all of the Public Policy Covenants shall terminate.

(b) The Public Policy Covenants shall be enforceable by the State of Minnesota Department of Finance ("State") and MAC, jointly or individually.

(c) If it is determined that Lessee has breached any of the Public Policy Covenants, and failed to cure such breach within sixty (60) days, and with respect to the Hub Covenant within six months, after being notified by an authorized official of the State or of Lessor, the State or Lessor (as the case may be) shall be entitled to pursue all remedies provided by law or in equity except as limited below:

(i) To the extent Lessee breaches the Noise Covenant set forth in Section 21.1(c) (Proportional Utilization) in either respect in an amount less than five percentage points of the total percentage amounts measured, then Lessee must in the succeeding calendar year modify its performance to be in complete conformance with the requirements of all the terms of such Noise Covenant set forth in Section 21.1(c). To the extent Lessee breaches either or both of the requirements of the Noise Covenant set forth in Section 21.1(c), (A) in any such succeeding calendar year in any amount or (B) in any year in an amount of five percentage points or greater of the total percentage amounts measured, then Lessee must, if any amounts outstanding under the MAC Leases remain unpaid, prepay the MAC Leases in an amount equal to the applicable Noise Pre-Payment Amount in Installments on the applicable Payment Dates; provided, that Lessor may elect the alternative remedy of specific performance of the requirements of the Noise Covenant set forth in Section 21.1(c); provided that if both elements of the Noise Covenant set forth in Section 21.1(c) shall be breached and not timely cured, then the remedy shall be applied against that element of the covenant yielding the greater penalty.

(ii) To the extent NAI breaches the Noise Covenant set forth in Section 21.1(d) (Curfew), Lessee shall pay liquidated damages in the amount of \$10,000 per breach (with one Flight per day deemed to be one breach) to be applied by MAC for noise abatement purposes.

(iii) To the extent Lessee breaches any Employment Covenant or the Headquarters Covenant, Lessee must, if any amount outstanding under the MAC Leases remains unpaid, prepay the MAC Leases in an amount equal to the applicable Pre-Payment Amount payable in Installments upon each of the applicable Payment Dates.

(iv) To the extent Lessee breaches the Hub Covenant, Lessee must, if any amount outstanding under the MAC Leases remains unpaid, prepay the MAC Leases in an amount equal to the applicable Pre-Payment Amount in Installments payable upon each of the applicable Payment Dates; provided that if both elements of the Hub Covenant shall be breached and not timely cured, then the remedy shall be applied against that element of the covenant yielding the greater penalty.

(d) With respect to the remedies set forth in Section 21.4(c)(i), (ii), (iii) and (iv) above, the following additional principles apply:

(i) With respect to the Noise Covenants set forth in Section 21.1(a) and (b), the State or Lessor, as the case may be, shall be entitled to pursue all remedies provided by law or in equity

(ii) With respect to the Noise Covenant set forth in Section 21.1(c) as more fully set forth under Section 21.4(c)(1) above, MAC or the State, as the case may be, may elect specific performance or prepayment of the applicable Lease (i.e., MAC Leases, Duluth Lease and/or

Chisholm Agreement, as the case may be) as the remedy for each uncured default of the Noise Covenant set forth in Section 21.1(c); provided, however, that (A) only one remedy (i.e., specific performance or prepayment) may be elected for each such default; and (B) the availability of alternative remedies for any such default is expressly intended by the parties and such alternative remedies shall not be deemed mutually exclusive (i.e., it is not intended that availability of prepayment shall preclude the availability of specific performance or that the availability of specific performance shall preclude the availability of prepayment) although only one such remedy may be elected for each such default.

(iii) With respect to the Noise Covenant set forth in Section 21.1(d), the remedy stated in Section 21.4(c)(ii) above is the exclusive remedy to MAC or the State, as the case may be, the parties agreeing that the damages for breach of the Noise Covenant set forth in Section 21.1(d) are difficult or impossible to ascertain.

(iv) With respect to breach of the Employment Covenants, and with respect to the Headquarters Covenant, the remedies set forth in Section 21.4(c) (iii) above shall be the exclusive remedies of the State (exclusive of any remedies the IRRRB may have under the Chisholm Agreement and exclusive of any remedies that Duluth and the County may have under the Development Agreement) or MAC, as the case may be.

(v) With respect to breach of the Hub Covenant, the remedies set forth in Section 21.4(c)(iv) above shall be the exclusive remedies of the State or MAC, as the case may be.

(vi) The remedies set forth herein have been structured to encourage performance by the Lessee of its obligations under the covenants set forth in this Article XXI collectively and to facilitate receipt by the Lessor, the State of Minnesota and the public at large of the benefits to be provided by such covenants.

(vii) A determination by a court of competent jurisdiction that any of the provisions of this Article XXI, including the provisions of this Article XXI relating to remedies, are invalid and void under the Act shall not affect the other provisions of this Article XXI or other provisions of this Agreement which shall remain fully valid and enforceable, it being the intent of the parties that each and every provision of this Agreement shall be enforceable to the fullest extent of law. To the extent any remedy is deemed unenforceable as aforesaid, it is the intent of the parties that with respect to any alternative remedy not expressly authorized under this Article XXI, Lessor shall be entitled to exercise such alternative remedy after giving Lessee notice of such breach and a 60-day period to cure the default (or such other cure period as a court of competent jurisdiction may dictate).

(e) With respect to the remedies listed under Section 21.4(c)(i), (iii) and (iv) above, the following additional principles apply:

(i) All amounts prepaid under a lease shall be applied against rents coming due in the inverse order of maturity, subject to Section 21.4(e)(vii).

(ii) A breach of any covenant shall be counted as a single breach unless a subsequent breach with respect to such covenant results in a higher Pre-Payment Percentage or Noise Pre-Payment Percentage, as the case may be.

(iii) In the event a breach is cured, then any remaining pre-payment obligation relating to such breach shall terminate.

(iv) In the event a breach is cured but later recurs, the pre-payment obligation relating to such breach shall recommence from the date of the new breach and the amount thereof shall be calculated on the basis of such new breach only.

(v) The Headquarters Covenant is only susceptible of being a breach one time (unless cured).

(vi) With respect to pre-payments of the MAC Leases, the portion of each Installment attributable to Replacement Rent (if any) shall be applied in inverse order of due dates for Principal Components, and shall not reduce the amounts of intervening payments of Replacement Rent.

(vii) With respect to pre-payments of the MAC Leases, the Defeasance Amount (Breach) attributable to pre-payments of Basic Rent shall be held and deposited by the Lessor in a deposit account ("**Deposit Account**") and invested by the Lessor in Defeasance Obligations and shall be irrevocably pledged to the payment of the last maturing principal and interest due on any outstanding GO Bonds without reducing installments of Basic Rent as a result thereof. Such Deposit Account shall be maintained until such time as the sum of the balances in (A) such Deposit Account, and (B) the Series 15 Bond Account Balance, is an amount sufficient to pay the remaining principal payment obligations on the MAC Leases consisting of the sum of (Y) the sum of the unpaid Principal Components set forth in Schedule B with respect to Basic Rent together with any Redemption Premium related thereto, and (Z) the unpaid Principal Components set forth in the Replacement Rent Schedule with respect to Replacement Rent, if any.

(viii) With respect to any pre-payments of the MAC Leases under this Article XXI, there shall be a contribution to each Installment of each such pre-payment by each of the Lessees under each of the MAC Leases in an amount equal to their respective Applicable Percentages of each such Installment.

Lessee will report annually to the State Department of Finance and MAC concerning compliance with the Public Policy Covenants, which report shall be submitted for a particular calendar year not later than January 31 of the immediately succeeding calendar year; provided, however, that with respect to employment covenants relating to the Duluth Facility and the Chisholm Facility additional compliance reports shall be submitted not later than thirty (30) days after each of the specified target dates for achievement of specified employment levels.

ARTICLE XXII. DEFINITIONS

The following terms shall have the meanings herein specified unless the context otherwise requires. Such definitions shall be equally applicable to the singular and plural forms of the terms defined. To the extent any of the terms set forth below are defined by reference to the meaning given said term in another document, then amendments to such other document shall

not be deemed to amend such definition for the purpose of this Agreement unless specifically incorporated herein or in a subsequent written amendment entered into by the parties hereto.

“Act” means Chapter 350 of Minnesota Laws, 1991.

“Additional Facilities” shall have the meaning specified in Section 20.2(k) hereof.

“Additional Operations” shall have the meaning specified in Section 20.2(k) hereof.

“Advance Rate” shall mean the lower of two percent (2%) in excess of the prime rate or reference rate as announced from time to time by U.S. Bank National Association or the highest rate of interest permitted by law. If U.S. Bank National Association ceases to announce the prime rate or reference rate or if the prime rate or reference rate ceases to be used, then such similar successor rate as is reasonably selected by Lessor.

“Affiliate” shall mean with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with, such Person. For the purposes of this definition, “control” (including with correlative meanings the terms “controlling,” “controlled by” and “under common control with”), as used with respect to any Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. Unless otherwise specified, “Affiliate” means an Affiliate of the Lessee and any guarantor of any of the obligations of Lessee hereunder.

Notwithstanding the foregoing, for purposes of Article XXI and Section 20.2(j) only, **“Affiliate”** means an entity controlling, controlled by, or under common control with NAI. For purposes of this definition “control” shall mean greater than 50% control of all classes of voting stock. Wings shall in all events be deemed an Affiliate of NAI for purposes of Article XXI.

“Affiliated Employees” means active employees (not on leave of absence) of NAI and its Affiliates together with active employees (not on leave of absence) of third parties that perform work on behalf of NAI or its Affiliates in lieu of their employees (consistent with the contractual obligations of NAI and its Affiliates). The number of Affiliated Employees shall be calculated at any time by counting one such full-time employee as one Affiliated Employee and one such part-time employee as three-quarters of one Affiliated Employee. Such calculations shall be made using the full-time/part-time reporting standards required by the Minnesota Department of Jobs and Training applicable to NAI as of February 29, 1992 (e.g., such that a pilot or flight attendant employed to work the “full-time” hours permitted by contract and the regulations of the FAA shall be deemed a full-time employee).

“Airbus Aircraft” means aircraft manufactured by Airbus Industries.

“Air Carrier Funding” means the funding obligations of airlines required under the Scheduled Airline Operating Agreement and Terminal Building Lease.

“Airport” means the Minneapolis-St. Paul International Airport.

"Airport Equipment" shall mean all overhead cranes and hoists, maintenance docks and ground power systems, acquired by Lessor pursuant to the NAI Purchase Agreement or otherwise, at any time subject to this Agreement, including without limitation the items listed on Schedule L.

"Alterations" shall have the meaning specified in Section 8.1 hereof.

"Applicable Percentage" means 35.5444 percent.

"Assets" shall mean, as of any date, items properly classified as assets on Lessee's balance sheet in accordance with GAAP, including Lessee's rights in existing and ordered aircraft and in its international route authorities, all calculated at the then current market values in a manner reasonably satisfactory to Lessor.

"Aviation Act" shall mean and refer to the Transportation Code, Title 49 of the United States Code, any successor provisions thereto, and any rules and regulations promulgated thereunder (and any references in this Lease to a provision of the Federal Aviation Act of 1958 shall mean and refer to corresponding and succeeding provisions of the Aviation Act).

"Bankruptcy Code" shall mean 11 U.S.C. §§ 101 et seq., as amended from time to time, and any successor provisions.

"Basic Lease Term" shall have the meaning specified in Article II hereof.

"Basic Rent" shall mean the amounts payable under this Agreement as calculated pursuant to Section 3.1 hereof.

"Bond Purchase Agreement" shall mean that certain Bond Purchase Agreement between Lessor and U.S. Bancorp Piper Jaffray Inc. dated January 8, 2002.

"Bond Resolution" shall mean Resolution No. 1953 adopted by MAC authorizing the issuance of the GO Bonds and the transactions contemplated hereby.

"Bonds Principal Pre-Payment Portion" means 100% of the Principal Pre-Payment Installment.

"BT Agreement" shall have the meaning specified in Section 14.1(j) hereof.

"Building" shall mean all buildings and improvements located on the Land.

"Business Day" shall mean any day excluding Saturday, Sunday or any day on which banking institutions located in any of the States of New York or Minnesota are authorized by law or other governmental action to close.

"Capital Leases" of any Person, shall mean any lease of any property (whether real, personal or mixed) by that Person as lessee which, in conformity with GAAP, is, or is required to be, accounted for as a capital lease on the balance sheet of that Person.

“Chisholm Agreement” means that certain Facilities Agreement for the Chisholm Facility between the IRRRB and NAI dated December 21, 1994.

“Chisholm Employee” means a Full-Time Equivalent Employee employed, and working substantially all of his or her working hours as a Full-Time Equivalent Employee, at the Chisholm Facility by or for NAI or by or for an NAI Affiliate or at the Chisholm Facility by or for a Supplier. Notwithstanding anything contained in this definition to the contrary, no NAI Employee shall be deemed a “Chisholm Employee” to the extent the position occupied by such employee is transferred from another location within the State, and such transfer does not result in a gain in employment by NAI in the State, and no NAI Affiliate or Supplier Employee shall be deemed a “Chisholm Employee” if the position occupied by such employee is transferred from another location within the TTRA, and such transfer does not result in a gain in employment by such NAI Affiliate or Supplier in the TTRA.

“Chisholm Facility” means the proposed NAI reservation center in Chisholm, Minnesota, defined as the “Project” in the Chisholm Agreement.

“Chisholm Force Majeure” means any one or more of the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States or the State or any of their departments, agencies or officials (other than the IRRRB or any IRRRB official acting under the Chisholm Agreement) or any civil or military authority; insurrection; riots; landslides; earthquakes; fires; storms, droughts, floods, blizzards or other severe or prolonged bad weather conditions; or explosions, breakages or accidents to machinery, transmission pipes or canals.

“Claim” shall have the meaning specified in Section 6.5 of this Agreement.

“Closing Date” shall have the meaning specified in the NAI Purchase Agreement.

“Collateral” shall have the meaning specified in the Collateral Agreement.

“Collateral Agent” shall have the meaning specified in Section 9.3 hereof.

“Collateral Agreement” shall mean that certain Amended and Restated Collateral Agreement by and among MAC, NAI, NATCO and NWA, dated as of January 29, 2002.

“Corporate Headquarters” means the principal office of a corporation from which its business is conducted and the principal office of its chief executive officer.

“County” means St. Louis County, Minnesota.

“Debt Year” means the second succeeding calendar year following the calendar year in which the Sequence Year ends (i.e., the first Debt Year is 1995).

“DEDA” shall mean the Duluth Economic Development Authority, a public body corporate and politic, under the laws of the State of Minnesota.

“Default” shall mean an event or condition which, with the giving of notice or the lapse of time or both, would become an Event of Default.

“Defeasance Amount (Breach)” means, as certified by an accounting or financial consulting firm acceptable to Lessor, an amount which, if held as cash or invested in then available Defeasance Obligations, would provide funds sufficient, without reinvestment, to pay on the next available Redemption Date, principal on the last maturing GO Bonds outstanding in the amount of the Bonds Principal Pre-Payment Portion together with (i) interest thereon to such Redemption Date, and (ii) any Redemption Premium thereof; provided, however, that such amount shall never be less than the Bonds Principal Pre-Payment Portion.

“Defeasance Amount (Optional)” means, as of any date of computation, as certified by an accounting or financial consulting firm acceptable to Lessor, an amount which, if held as cash or invested in then available Defeasance Obligations, will provide funds sufficient, without reinvestment, to pay when due or called for redemption on the Redemption Date, principal, Redemption Premium, if any, and interest for all or a designated portion of GO Bonds outstanding. For purposes of determining the amount of GO Bonds outstanding for purposes of this definition only, GO Bonds with respect to which the principal component thereof (as set forth in Schedule B) is on deposit in the Series 15 Bond Account shall not be deemed outstanding.

“Defeasance Obligations” means one or more of the following, to the extent not callable or callable only at the option of the holder thereof:

- (i) cash;
- (ii) State and Local Government Series issued by the United States Treasury;
- (iii) United States Treasury bills, notes and bonds, as traded on the open market; and
- (iv) Zero Coupon United States Treasury Bonds.

“Development Agreement” shall mean the Development Agreement dated March 27, 1992 among the City of Duluth, MAC and NAI as amended and restated by that certain Amended and Restated Master Financing Agreement and Development Agreement among the Commissioner of Finance of the State of Minnesota (acting on behalf of the State of Minnesota), St. Louis County the City of Duluth, DEDA, NAI, NWA and Wings.

“Disbursing Agent” shall have the meaning ascribed to such term in the Chisholm Agreement.

“Discharge Amount” means with respect to a Redemption Date, the amount necessary to pay the principal of, Redemption Premium, if any, and interest on GO Bonds to the Redemption Date.

“Domestic” means flights with origination and destination within the 50 states of the United States and District of Columbia.

"DOT" shall have the meaning specified in Section 20.1(a) hereof.

"Duluth" means the City of Duluth, Minnesota.

"Duluth Employees" means employees of NAI and its Affiliates at the Duluth Facility together with employees of third parties that perform work at the Duluth Facility on behalf of NAI or its Affiliates in lieu of their employees (consistent with the contractual obligations of NAI and its Affiliates) and employees of third parties which NAI or its Affiliates directly cause to be employed at the Duluth Facility (e.g., employees of joint venture partners of NAI). The number of Duluth Employees shall be calculated at any time on a full-time equivalent basis.

"Duluth Facility" means the proposed heavy maintenance facility at the Duluth airport for which financing has been authorized by the Minnesota legislature.

"Duluth Lease" means that certain Amended and Restated Lease Agreement (Duluth Aircraft Maintenance Facilities) between DEDA and NAI dated December 21, 1994 concerning the Duluth Facility.

"Employment Covenants" shall mean those covenants specified in Sections 21.2(a), (b) and (c) hereof.

"Equipment" shall have the meaning specified in the Recitals hereof.

"ERISA" means the Employment Retirement Income Security Act of 1974, as amended to the date hereof and from time to time hereafter and any regulations promulgated thereunder.

"ERISA Affiliate" means, with respect to the Lessee, all trades or businesses (whether or not incorporated) which are under common control with the Lessee and which, together with the Lessee, are treated as a single employer under Section 414(b), (c), (m) or (o) of the IRC.

"Event of Default" shall have the meaning specified in Section 14.1 hereof.

"Existing Agreement" means that certain 1989 Letter Agreement between Alfred Checchi Associates, Inc. and NWA.

"FAA" shall mean the Federal Aviation Administration, and any successor in interest thereto.

"Facilities Leases" shall have the meaning specified in the NAI Purchase Agreement.

"Facilities Pre-Payment Amount" means the product of (i) the remaining principal payment obligations (inclusive of all elements of rental thereunder) under the MAC Leases, multiplied by (ii) the Facilities Pre-Payment Percentage. The remaining principal payment obligations under the MAC Leases consist of the sum of (i) the sum of the unpaid Principal Components set forth in Schedule B with respect to Basic Rent, and (ii) the unpaid Principal Components set forth in the Replacement Rent Schedule with respect to Replacement Rent, if any.

“Facilities Pre-Payment Percentage” means sixty percent (60%), upon the failure to complete the Duluth Facility and forty percent (40%), upon the failure to complete the Chisholm Facility and one hundred percent (100%) upon the failure to complete both the Duluth Facility and the Chisholm Facility.

“Facilities Pre-Payment Dates” means the eighth (8th), ninth (9th) and tenth (10th) anniversaries of the Original Closing Date. The applicable percentage of the Facilities Pre-Payment Amount payable on each Facilities Pre-Payment Date shall be as follows:

<u>Anniversary</u>	<u>Percentage of Facilities Pre-Payment Amount</u>
8	26%
9	37%
10	37%

“Financing and Refinancing Agreement” shall mean that certain Financing and Refinancing Agreement dated March 27, 1992 by and among MAC, NWA, NAI, Wings and NATCO, as amended by that certain First Amendment to Financing and Refinancing Agreement dated April 23, 1992.

“Flight” means a scheduled flight of jet aircraft with not less than 70 passenger seats.

“Force Majeure” means any direct effect of prolonged strikes or other major labor troubles, acts of God, litigation commenced by third parties resulting in injunction or other similar judicial action, or acts of any federal, state or local governmental unit, which in any case directly prohibits or prevents compliance with this covenant notwithstanding the best efforts to comply. With respect to the Noise Covenant set forth in Section 21.1(c), force majeure shall include the direct effect of any grounding of a specific fleet or aircraft by the manufacturer thereof or by a governmental authority during the period of such grounding.

“Full-Time Equivalent Employee” means:

- a. for the period beginning with the Substantial Completion Date and ending on the last day of the calendar year containing the month that is the seventy-third (73rd) month after the month containing the Substantial Completion Date, as of the date of determination, the actual number of persons employed in full-time and part-time positions, counting as 1.00 each full-time position and counting as 0.62 each part-time position; and
- b. for the period beginning with the first calendar year commencing after the seventy-third (73rd) month after the month containing the Substantial Completion Date and ending upon termination of the Employment Covenants as provided in the Chisholm Agreement, as of the date of determination, the greater of: (i) the total average for the preceding calendar year of persons employed in full-time and part-time positions, counting as 1.00 each full-time position and counting as 0.62 each part-time position, or (ii) the total paid hours for the Chisholm Facility for the preceding calendar year divided by 12 and then divided by 173.33 hours (where 173.33 hours equals the average monthly

hours paid to a full-time employee); provided, however, that for purposes of Section 7.2.7.3 of the Chisholm Agreement, such period shall not be the preceding calendar year but the six-month period ending on the date that the first Installment of principal of the Loan (as defined in the Chisholm Agreement) is then payable thereunder.

c. The "0.62" and "1.00" equivalents agreed upon by the parties as noted above are based upon specific representations of NAI that "part-time position" employees of NAI that would work at the Chisholm Facility are not permitted to work more than 25 hours per work week and must work at least 4 hours on any work day on which they work, and that "full-time position" employees of NAI work on average 2,080 hours of paid work (including paid leave time) per year, under collective bargaining agreements currently in effect to which NAI is a party.

"GAAP" shall mean generally accepted accounting principles in effect in the United States from time to time.

"GO Bond Account" shall mean the Series 15 Bond Account as defined in and established pursuant to the Bond Resolution.

"GO Bonds" shall have the meaning specified in the Recitals hereof.

"Greater Breach" means (i) with respect to any of the Employment Covenants or of the Hub Covenant, a breach resulting in a Non-Compliance Percentage greater than fifty percent (50%) and (ii) with respect to the Noise Covenant set forth in Section 21.1(c), a breach resulting in a Noise Non-Compliance Percentage greater than ten percent (10%), and (iii) with respect to the Headquarters Covenant, a breach.

"Guarantee" shall mean, as applied to any Person, any direct or indirect liability, contingent or otherwise, of such Person with respect to any Indebtedness, lease, dividend or other obligation of another, including any such obligation directly or indirectly guaranteed, endorsed (otherwise than for collection or deposit in the ordinary course of business) or discounted or sold with recourse by such Person, or in respect of which such Person is otherwise directly or indirectly liable, including any such obligation in effect guaranteed by such Person through any agreement (contingent or otherwise) to purchase, repurchase or otherwise acquire such obligation or any security therefor, or to provide funds for the payment or discharge of such obligation (whether in the form of loans, advances, stock purchases, capital contributions or otherwise), or to maintain the solvency or any balance sheet or other financial condition of the obligor of such obligation, or to make payment for any products, materials or supplies or for any transportation, services or lease regardless of the nondelivery or nonfurnishing thereof, in any such case if the purpose or intent of such agreement is to provide assurance that such obligation will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holder or holders of such obligation will be protected (in whole or in part) against loss in respect thereof. The amount of any Guarantee shall be equal to the amount of the obligation guaranteed.

"Guarantors" shall mean NWA, Wings, NATCO, and any Person which consolidates or merges with or purchases the assets of any of the foregoing pursuant to Section 20.2(c) or (d) or

any Person who affirmatively agrees to assume such obligation in writing, with the Lessor's prior written consent.

"Headquarters Covenant" shall mean that covenant specified in Section 21.2(d) hereof.

"Hub" means an airport used by an airline for a significant number of its connecting flight passengers.

"Hub Covenants" shall mean those covenants specified in Section 21.3 hereof.

"Indemnified Parties" shall have the meaning specified in Section 12.3 hereof.

"Indebtedness" shall mean, as applied to any Person, all liabilities, obligations and indebtedness of such Person of any nature, whether or not presently due, howsoever evidenced and whether primary, secondary, direct, indirect, fixed, contingent or otherwise (including, without limitation, reimbursement and all other obligations with respect to surety bonds, letters of credit and bankers' acceptances, whether or not matured), which would be required to be disclosed under GAAP, and in all events shall include (i) all obligations for borrowed money or evidenced by notes, bonds or other instruments; (ii) all obligations with respect to Capital Leases; (iii) any obligation owed for all or any part of the purchase price of property or other assets or for the cost of property or other assets constructed or of improvements thereto; (iv) any obligation secured by any Lien existing on any property or asset owned or held by such Person, whether or not such Person has assumed or become liable for the obligation secured thereby (provided that in the case of obligations which such Person has not assumed or become liable for, only to the extent of the lesser of the amount of such obligations or the fair market value of such property or assets); (v) deferred taxes; (vi) all obligations to trade creditors; and (vii) all Indebtedness of others with respect to which such Person has become liable by reason of a claim under a Guarantee.

"Indemnity Claims" shall have the meaning specified in Section 12.3 hereof.

"Initial Payment Date" means the next succeeding regular Rental Payment Date under the affected MAC Lease following written notice by MAC or the State, as the case may be, to NAI of the Pre-Payment Amount or the Noise Pre-Payment Amount, as the case may be.

"Installment" means with respect to a particular Payment Date, the Defeasance Amount (Breach) related thereto.

"Intangible Assets" shall mean, as of any date, the current market value of all items classified as intangible assets on Lessee's balance sheet, but excluding Lessee's rights in existing or ordered aircraft and in its international route authorities.

"Intercreditor Agreement" shall mean that certain Subordination and Intercreditor Rights Agreement, dated December 21, 1994, by and between MAC and the State, and as consented to by NAI, NATCO, NWA and Wings, as amended by that certain First Amendment to Subordination and Intercreditor Rights Agreement dated December 21, 1994, and by that certain Acknowledgement and Affirmation of Intercreditor Agreement dated January 29, 2002.

“Interest Component” means, with respect to a particular Rental Payment Date, the amount set forth under the column entitled “Interest Component” on the applicable Schedule.

“IRC” means the Internal Revenue Code of 1986, as amended to the date hereof and from time to time hereafter, and any successor provisions.

“IRRRB” means the Office of the Commissioner of Iron Range Resources and Rehabilitation, an administrative agency of the State.

“IRS” shall mean the Internal Revenue Service and any successor in interest thereto.

“July 1 Balance” means on a particular July 1, the sum of (i) the amount of cash then on deposit in the Series 15 Bond Account (subsequent to the scheduled July 1 payment to be made on GO Bonds), plus (ii) the value of investments held therein which shall be valued at the principal amount payable at maturity if such investments mature in the following year or otherwise at market value, plus the amount of interest receivable thereon to the end of the following year.

“Land” shall mean the real property legally described on Schedule J attached hereto.

“LBO Debt” shall have the meaning specified in Section 20.2(f) hereof.

“Lease Guarantees” shall mean, collectively, the NAI Guarantee, the NATCO Guarantee, the NWA Guarantee and the Wings Guarantee.

“Lessee” shall mean NAI and, to the extent permitted in Sections 15.2 and 20.2(c) and (d) of this Agreement, its successors and assigns.

“Lessee’s Component of the GO Bond Account” means that portion of the balance in the GO Bond Account which is equal to the portion of the total debt service obligations with respect to the GO Bonds then outstanding which is represented by this Lease and shall initially be 35.5445% of the balance in the GO Bond Account.

“Lesser Breach” means (i) with respect to any of the Employment Covenants or of the Hub Covenants, a breach resulting in a Non-Compliance Percentage of less than or equal to fifty percent (50%) and (ii) with respect to the Noise Covenant set forth in Section 21.1(c), a breach resulting in a Noise Non-Compliance Percentage of less than or equal to ten percent (10%).

“Lessor” shall mean MAC and to the extent permitted in Section 22.5 of this Agreement, its successors and assigns.

“Liabilities” shall mean, as of any date, the current market value of (a) all items properly classified as liabilities on Lessee’s balance sheet in accordance with GAAP, (b) any liabilities or obligations of any Person secured by Assets of Lessee, and (c) any guaranty by Lessee of debt of any Person.

“Lien” shall mean any lien, mortgage, pledge, security interest, charge, or encumbrance of any kind on the Equipment or Other Personal Property from time to time (including any

mechanic's or materialmen's lien, conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest).

"MAC" means the Metropolitan Airports Commission, a public authority organized under the laws of the State of Minnesota, and its successors and assigns.

"MAC Leases" shall mean, collectively, the NAI Lease, the NWA Lease and the NATCO Lease.

"Major Debt" shall mean Indebtedness under any Major Debt Agreement.

"Major Debt Agreement" shall have the meaning specified in Section 14.1(j) hereof.

"Master Financing Agreement" shall mean that certain Master Financing Agreement of even date herewith among the State, NAI, NWA and Wings, as amended and restated by the Development Agreement.

"Minor Affiliate" shall mean an Affiliate with a tangible net worth of less than \$1,000,000.00, as determined in accordance with GAAP.

"Minor Taking" shall have the meaning specified in Section 11.2 hereof.

"Multiemployer Plan" means a multiemployer plan as defined in ERISA Section 4001(a)(3) and to which the Lessee or any ERISA Affiliate is making, or is obligated to make, contributions or has made, or has been obligated to make, contributions.

"NAI" means Northwest Airlines, Inc., a Minnesota corporation, and its successors and assigns.

"NAI Affiliate" means a Person in which NAI owns fifty-one percent (51%) or more of the voting stock or equity interest.

"NAI Assignment of Subleases and Rents" shall mean that certain Assignment of Subleases, Rents and Other Income dated as of the April 23, 1992 by NAI in favor and for the benefit of MAC, as amended by that certain First Amendment to Assignment of Subleases and Rents dated as of January 29, 2002.

"NAI Code-Share Airlines" means airlines other than NAI which share the "NW" (or equivalent) computer code of NAI for ticket sales purposes.

"NAI Collateral Assignment of Leases" shall mean that certain Collateral Assignment of Leases, Security Agreement and Fixture Financing Statement dated April 23, 1992 by NAI in favor and for the benefit of MAC, as amended by that certain First Amendment to Collateral Assignment of Leases, Security Agreement and Fixture Financing Statement dated January 29, 2002.

"NAI Equipment" shall mean all items of tangible personal property, other than the Airport Equipment, acquired by Lessor pursuant to the NAI Purchase Agreement or otherwise, at

any time subject to this Agreement, including without limitation the facilities, Simulators and equipment described in Schedule K hereto and any and all Parts, and shall exclude any such property expressly released herefrom pursuant to the Collateral Agreement.

"NAI Guarantee" shall mean that certain Guaranty dated March 27, 1992 by NAI in favor and for the benefit of MAC, as amended by that certain Acknowledgement and Affirmation of Guaranty dated December 21, 1994, and by that certain Acknowledgement and Affirmation of Guaranty given by NAI dated January 29, 2002.

"NAI Lease" shall mean this Amended and Restated Facilities and Equipment Lease Agreement.

"NAI Purchase Agreement" shall have the meaning specified in the Recitals hereof.

"NAI Security Agreement" shall mean that certain Security Agreement dated as of March 27, 1992 by and between MAC and NAI, as amended by that certain Acknowledgement and Affirmation of Security Agreement given by NAI dated January 29, 2002.

"NATCO" shall mean Northwest Aerospace Training Corporation, a Delaware corporation, and its successors and assigns.

"NATCO Guarantee" shall mean that certain Guaranty dated March 27, 1992 by NATCO in favor and for the benefit of MAC, as amended by that certain Acknowledgement and Affirmation of Guaranty dated December 21, 1994, and as amended by that certain Acknowledgement and Affirmation of Guaranty given by NATCO dated January 29, 2002.

"NATCO Lease" shall mean that certain Amended and Restated Facilities and Equipment Lease Agreement of even date herewith by and between MAC and NATCO.

"NATCO Purchase Agreement" shall mean that certain Purchase and Sale Agreement for Certain Assets dated as of March 27, 1992 by and between NATCO and MAC.

"NATCO Security Agreement" shall mean that certain Security Agreement dated as of March 27, 1992 by and between MAC and NATCO, as amended by that certain Acknowledgement and Affirmation of Security Agreement between MAC and NATCO dated January 29, 2002.

"Net Proceeds" shall have the meaning specified in the Financing and Refinancing Agreement.

"Noise Covenants" shall mean those covenants specified in Section 21.1 hereof.

"Noise Non-Compliance Percentage" means, but only if a positive number, the greater of the two percentages calculated by subtracting the actual percentages of compliance with respect to the two requirements of the Noise Covenant set forth in Section 21.1(c) from the applicable required percentages of compliance.

“Noise Pre-Payment Amount” means the product of (i) the remaining principal payment obligation (inclusive of all elements of rental thereunder) under the MAC Leases, multiplied by (ii) the Noise Pre-Payment Percentage. The remaining principal payment obligations under the MAC Leases consist of the sum of (i) the sum of the unpaid Principal Components set forth in Schedule B with respect to Basic Rent, and (ii) the unpaid Principal Component set forth in the Replacement Rent Schedule with respect to Replacement Rent, if any.

“Noise Pre-Payment Percentage” means, with respect to a particular Noise Non-Compliance Percentage, the particular Noise Pre-Payment Percentage indicated below:

<u>Noise Non-Compliance Percentage</u>	<u>Noise Pre-Payment Percentage</u>
greater than 0% and to 2.5%	15%
greater than 2.5% and to 5%	30%
greater than 5% and to 7.5%	50%
greater than 7.5% and to 10%	75%
greater than 10%	100%

“Non-Compliance Percentage” means the percentage by which NAI is not in compliance with an applicable covenant, as the case may be (determined without deduction for the “Substantially” calculation).

“NWA” means NWA Inc., a Delaware corporation, and its successors and assigns.

“NWA Assignment of Leases and Rents” shall mean that certain Assignment of Leases, Rents and Other Income dated as of April 23, 1992 by NWA in favor and for the benefit of MAC, as amended by that certain First Amendment to Assignment of Leases, Rents and Other Income between NWA and MAC dated as of January 29, 2002.

“NWA Guarantee” shall mean that certain Guaranty of even date herewith by NWA in favor and for the benefit of MAC, as amended by that certain Acknowledgement and Affirmation of Guaranty dated December 21, 1994, and as amended by that certain Acknowledgement and Affirmation of Guaranty dated as of January 29, 2002.

“NWA Lease” shall mean that certain Amended and Restated Facilities and Equipment Lease Agreement of even date herewith by and between MAC and NWA.

“NWA Mortgage” shall mean that certain Mortgage and Security Agreement and Fixture Financing Statement dated as of April 23, 1992 by NWA in favor and for the benefit of MAC, as amended by that certain First Amendment to Mortgage and Security Agreement and Fixture Financing Statement between NWA and MAC dated as of January 29, 2002.

“NWA Purchase Agreement” shall mean that certain Purchase and Sale Agreement for Certain Assets dated March 27, 1992 by and between NWA and MAC.

“Off-Airport Aircraft Noise Costs” has the meaning provided in the Scheduled Airline Operating Agreement and Terminal Building Lease.

“Operational” means that date after completion of the Duluth Facility or the Chisholm Facility as the case may be, at which such facility is fully operational for its intended use, but not later than six months after (i) the Substantial Completion Date with respect to the Chisholm Facility and (ii) the date of Substantial Completion with respect to the Duluth Facility.

“Original Closing Date” shall mean March 27, 1992.

“Other Employees” means employees of third parties who perform certain maintenance functions with respect to aircraft which are maintained at the Duluth Facility pursuant to contracts between the respective third party employers and NAI or its Affiliates and who perform the functions at locations within St. Louis County but not within the confines of the Duluth Facility. The number of Other Employees shall be calculated at any time on a full-time equivalent basis.

“Other Financing Leases” shall mean the NATCO Lease and the NWA Lease.

“Other Personal Property” shall mean all items of personal property acquired from Lessee by Lessor pursuant to the NAI Purchase Agreement at any time subject to this Agreement, other than Equipment.

“Overdue Rate” shall mean the rate of eleven percent (11%) per annum.

“Parts” shall have the meaning specified in Section 8.3 hereof.

“Payment Date” means the Initial Payment Date and one of the following, as applicable:

(i) with respect to breaches of the Noise Covenant set forth in Section 21.1(c), the Employment Covenants or the Hub Covenants, the applicable Succeeding Payment Dates.

(ii) with respect to a breach of the Headquarters Covenant, the applicable Succeeding Payment Dates (Headquarters).

“Permitted Encumbrances” shall mean the exceptions, liens, encumbrances, and restrictions to Lessor’s title to the Equipment and Other Personal Property which are identified on Schedule M attached hereto.

“Permitted Leased Parts” shall mean Parts which Lessee leases from a third party lessor which (i) are readily removable from the Equipment, (ii) will not adversely affect the value of any Equipment upon removal, (iii) are clearly marked in a conspicuous place in such a fashion to indicate that such Permitted Leased Part is not part of the Equipment and is subject to a lease to a third party lessor; and (iv) do not affect the Lessor’s security interest in the Equipment.

“Person” shall mean and include any natural person, corporation, limited partnership, general partnership, joint stock company, joint venture, association, company, trust, bank, trust company, land trust, business trust or other organization, whether or not a legal entity, and any government agency or political subdivision thereof.

• **“Plan”** shall mean a pension, profit sharing or stock bonus plan intended to be qualified under IRS § 401(a).

“Pledge Agreement” shall mean that certain Pledge Agreement dated as of the Closing Date by and between NWA and Lessor, relating to the pledge of the capital stock of NATCO.

“Premises” shall mean the Land and Building.

“Prepayment Account” shall have the meaning specified in Section 19.1(c) hereof.

“Pre-Payment Amount” means the product of (i) the remaining principal payment obligation (inclusive of all elements of rental thereunder) under the MAC Leases, multiplied by (ii) the Pre-Payment Percentage. The remaining principal payment obligations under the MAC Leases consist of the sum of (i) the sum of the unpaid Principal Components set forth in Schedule B with respect to Basic Rent, and (ii) the unpaid Principal Component set forth in the Replacement Rent Schedule with respect to Replacement Rent, if any.

“Pre-Payment Percentage” means, with respect to a particular Non-Compliance Percentage, the particular Pre-Payment Percentage indicated below:

<u>Non-Compliance Percentage</u>	<u>Pre-Payment Percentage</u>
greater than 10% and to 20%	15%
greater than 20% and to 30%	30%
greater than 30% and to 40%	50%
greater than 40% and to 50%	75%
greater than 50%	100%

“Principal Component” means, with respect to a particular Rental Payment Date, the amount set forth under the column entitled “Principal Component” on the applicable Schedule.

“Principal Pre-Payment Installment” means an amount determined by dividing the Pre-Payment Amount or the Noise Pre-Payment Amount, as the case may be, by the number of applicable Payment Dates.

“Proportional Utilization” means the proportion of NAI’s Stage 2 Aircraft Utilization compared with the aggregate of NAI’s Stage 2 Aircraft and Stage 3 Aircraft Utilization.

“Proportionate Share” has the meaning provided in the Scheduled Airline Operating Agreement and Terminal Building Lease.

“Public Policy Covenants” means the Noise, Employment, Headquarters, and Hub Covenants mandated by the Minnesota State Legislature and set forth in Article XXI hereof, as amended from time to time.

“Purchase Agreements” shall mean, collectively, the NAI Purchase Agreement, the NATCO Purchase Agreement and the NWA Purchase Agreement.

"Purchase Price" means the lesser of (i) the purchase price from the manufacturer to the purchaser (whether such purchaser is NAI or a lessor to NAI) exclusive of taxes, financing charges, delivery charges, preparation charges and similar charges and exclusive of any increase in such Purchase Price on sales from NAI or any such lessor; and (ii) the manufacture's list price.

"Redemption Date" means a date set for redemption of GO Bonds in accordance with the Bond Resolution.

"Redemption Premium" shall mean the amounts specified under the Bond Purchase Agreement.

"Rent" shall mean, collectively, the Basic Rent, Replacement Rent and Supplemental Rent.

"Rental Payment Date" means each February 10, May 10, August 10 and November 10 occurring during the term of this Lease.

"Replacement Building" shall have the meaning assigned that term in the NWA Mortgage.

"Replacement Rent" has the meaning given it in Section 3.5.

"Replacement Rent Schedule" means the rent schedule developed pursuant to Section 3.5 hereof, as the same may be prepared and modified from time to time.

"Required Bond Account Balance" means for each October 10, the amount equal to the principal and interest due on the outstanding GO Bonds to the end of the second following year (as listed under the column entitled "October 10 Required Debt Service Account Balance" for the calendar year in which such October 10 occurs on Schedule B).

"Requirements" shall have the meaning specified in Section 12.1 hereof.

"Restoration Deficiency" shall have the meaning specified in Section 11.2 hereof.

"Restoration Equipment" shall have the meaning specified in Section 10.1 hereof.

"Restore" shall have the meaning specified in Section 10.1 hereof.

"Schedule A" means the schedule referenced as "Schedule A" attached to this Agreement, as the same may be modified from time to time.

"Schedule B" means the schedule referenced as "Schedule B" attached to this Agreement, as the same may be modified from time to time.

"Scheduled Airline Operating Agreement and Terminal Building Lease" means that certain Airline Operating Agreement and Terminal Building Lease among MAC, NAI and certain other airlines effective January 1, 1999, as amended, and as the same may be further amended or restated from time to time.

“Security Agreement – Engine Parts” shall mean that certain Amended and Restated Security Agreement Relating to Certain Engine Parts dated as of January 29, 2002 by and between MAC and NAI.

“Security Agreement – Routes” shall mean that certain Amended and Restated Security Agreement Relating to Certain International Airline Routes dated as of January 29, 2002 by and between MAC and NAI.

“Security Documents” shall mean the Collateral Agreement, the NATCO Security Agreement, the NAI Security Agreement, the Security Agreement - Engine Parts, the Security Agreement - Routes, the NWA Mortgage, the NWA Collateral Assignment of Lease, the NAI Collateral Assignment of Leases, the NWA Assignment of Leases and Rents, the NAI Assignment of Subleases and Rents, the Pledge Agreement and any other agreement or instrument similar in form and substance to the foregoing and in any case satisfactory to MAC from time to time made pursuant to which Collateral is granted to MAC.

“Sequence Year” means the calendar year in which the last of a group of four (4) consecutive Rental Payment Dates consisting of November 10, February 10, May 10 and August 10 (in that order) occurs during the term of this Lease. By way of example, the Sequence Year relating to the Rental Payment Dates of November 10, 2002, February 10, 2003, May 10, 2003 and August 10, 2003 is 2003.

“Series 15 Bond Account” means the separate subaccount of that name established by the Lessor under the Bond Resolution.

“Series 15 Bond Account Balance” means, as of a particular date, the sum of (i) the amount of cash then on deposit in the Series 15 Bond Account plus (ii) the market value of any investments held therein.

“Series 15 Bond Resolution” shall mean the Bond Resolution.

“Series 15 Costs of Issuance Fund” means the separate fund of that name established by Lessor under Section 4.04 of the Series 15 Bond Resolution.

“Series 9 Bond Resolution” shall mean Resolution No. 1477 adopted by MAC authorizing the issuance of the Series 9 GO Bonds and the transactions contemplated hereby.

“Series 9 Bond Account” means the separate sub-account of that name established by the Lessor under the Series 9 Bond Resolution.

“Series 9 Cost of Issuance Account” means the separate sub-account of that name established by Lessor under the Series 9 Bond Resolution.

“Simulator Computer Intangibles” shall mean all software, programming aids, routine compilers, all documentation therefor, computer programs, all source codes for the foregoing in human-readable and machine-readable form, all media containing any of the foregoing magnetic information, rights to information and the use thereof (including but not limited to licenses), all information stored in electronic, magnetic or other media, completed and uncompleted programs

and systems, patents, trademarks, copyrights (completed and in progress), intellectual property rights and proprietary information, and any equipment records stored in electric or magnetic form, all of which are contained in or are used or useful in conjunction with and in any case all of the foregoing which are necessary to operate the Simulator Computer Systems.

“Simulator Computer Systems” shall mean the computers, actual processing units and related hardware and peripherals used or useful in connection with the operation of the Simulators including, without limitation, those Simulator Computer Systems which are identified on Schedule K, including but not limited to all hardware, mainframes, computer lines, terminals, modems, magnetic tape, discs, other media, insert boards, chips, relays, repair and testing equipment therefor, switches, surge protectors, network systems therefor.

“Simulators” shall mean those certain pilot training simulators used to simulate the cockpit and flight control of actual aircraft, located on the Premises or in Miami, Florida, and which are identified on Schedule I of this Agreement, and which term shall include, without limitation, (a) the exterior and interior of each Simulator, including but not limited to, all (i) screens, (ii) seats, (iii) instrument panels, (iv) electrical panels, (v) computer systems, (vi) wires, (vii) switches, and (viii) heating, ventilation and air conditioning systems; (b) all hydraulic systems used or useful with, or attached to, the exterior or interior of each Simulator, including but not limited to, all (i) pumps, (ii) pistons, (iii) relays, (iv) valves, (v) hoses, (vi) switches, (vii) engines, (viii) fittings, and (ix) regulators; (c) all things and items used or useful in connection with the Simulators; (d) all appliances, parts, instruments, components, accessories, furnishings, accessions and other items incorporated or installed in or attached to any other element of this definition; (e) all fire and safety equipment located on board the Simulators; (f) all Simulator Computer Systems; and (g) all Simulator Computer Intangibles, provided, however, that the term Simulators shall not include the cockpit proficiency training devices and flight training devices identified on Schedule I and any other after-acquired devices of a similar nature which (i) do not employ visual displays and simulated flight motions; (ii) are not capable of being converted into Simulators; and (iii) are not subject to FAA certifications, rules and procedures.

“Stage 2 Aircraft” means an aircraft that complies with the Stage 2 requirements under 14 C.F.R. Part 36, as amended from time to time.

“Stage 3 Aircraft” means an aircraft that complies with the Stage 3 requirements under 14 C.F.R. Part 36, as amended from time to time.

“State” shall mean the State of Minnesota, acting through its Commissioner of Finance.

“Subsidiary” of any Person shall mean any corporation, partnership, joint venture, limited liability company association or other business entity of which more than 50% of the total voting power of shares of stock or other interests therein entitled to vote in the election of members of the board of directors, partnership committee, board of managers or trustees or other managerial body thereof is at the time owned or controlled directly or indirectly, by such Person or a combination thereof. Unless otherwise specified, **“Subsidiary”** means a Subsidiary of the Lessee.

“Substantial Completion” shall have the meaning ascribed to such term in the Duluth Lease.

“Substantial Completion Date” shall have the meaning ascribed to such term in the Chisholm Agreement.

“Substantially” shall mean at least ninety percent (90%), except when used as part of the definition of the term **“Substantially all of the Equipment.”**

“Substantially all of the Equipment” shall be deemed to mean 50% or more of the fair market value of the Equipment. For purposes of this definition, “fair market value” shall be the estimated amount at which the Equipment might be expected to be exchanged between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts, with equity to both.

“Succeeding Payment Date” means each of (i) the number of immediately succeeding anniversary dates of the Initial Payment Date determined by reference to the table and notes thereto below or (ii) such number of immediately succeeding anniversary dates of the Initial Payment Date occurring within the remaining term of the applicable lease (inclusive of exercised options to renew but exclusive of unexercised options to renew), whichever is less.

SUCCEEDING PAYMENT DATE TABLE

Lesser Breaches (only)	Anniversary Dates
first	9
second	8
third	6
fourth	4
fifth	2
sixth	1
Greater Breaches (only)	
first	4
second	2
third and all subsequent	1

Notes: (i) if after the first breach one or more subsequent breaches shall occur, the Succeeding Payment Dates for the earlier breaches shall be adjusted to be such that none shall be later than the final Succeeding Payment Date of the last breach.

(ii) if both a Greater Breach and a subsequent Lesser Breach shall occur, the remaining applicable Succeeding Payment Dates of all breaches shall each be accelerated by six months.

“Succeeding Payment Date (Headquarters)” means each of (i) if the remaining term of the MAC Leases is greater than 24 years at the time of the breach, the four immediately

succeeding anniversary dates of the Initial Payment Date, (ii) if the remaining term of the MAC Leases is greater than 18 years but less than or equal to 24 years, the three immediately succeeding anniversary dates of the Initial Payment Date, (iii) if the remaining term of the MAC Leases is greater than 12 years but less than or equal to 18 years, the two immediately succeeding anniversary dates of the Initial Payment Date or (iv) if the remaining term of the MAC Leases is greater than six years but less than or equal to 12 years, the one immediately succeeding anniversary date of the Initial Payment Date.

“Supplemental Rent” shall mean any and all amounts, liabilities, and obligations, other than Basic Rent and Replacement Rent, which the Lessee assumes or agrees to pay hereunder (including, without limitation, damages for breach of any covenants, representations, warranties or agreements therein) to the Lessor or any other Person, including, without limitation, indemnity payments and payment or reimbursement of Taxes and Liens. Supplemental Rent shall also include all other amounts, liabilities and obligations or whatsoever nature relating to the Equipment and Other Personal Property and all interest and penalties that may accrue thereon in the event of Lessee’s failure to pay such amounts when due, and all damages, costs and expenses which Lessor may incur by reason of any default by Lessee or failure on Lessee’s part to comply with the terms of this Agreement, all of which Lessee hereby agrees to pay on demand or as otherwise provided herein.

“Supplier” means a business enterprise with an office within the TTRA which provides supplies or services to the Chisholm Facility after the Substantial Completion Date.

“Taking” shall mean the completion of any action or proceedings brought by competent authority for the purpose of (i) vesting of title to the fee of the Equipment or Other Personal Property or any part thereof in the competent authority pursuant to the exercise of the power of eminent domain or any threat thereof, or (ii) any requisition of title or use by the exercise of the power of eminent domain, confiscation or seizure by the United States government or other governmental entity of the Equipment or Other Personal Property or any threat thereof.

“Tangible Net Worth” shall mean, as of any date, total Assets, less total Intangible Assets, less total Liabilities.

“Taxes” shall have the meaning specified in Section 6.1 hereof, as limited by Section 6.8 hereof.

“Temporary Taking” shall have the meaning specified in Section 11.3 hereof.

“Term” with respect to the Premises and specified Equipment shall have the meaning specified in Article II of this Agreement.

“Termination Date” shall mean the date the option described in Section 19.2 is exercised, or the date all of the obligations described in Section 19.2(a) are paid in full after an Event of Default.

“TTRA” means the Taconite Tax Relief Area, as defined in Minnesota Statutes, Section 273.134.

“Unavoidable Delays” shall have the meaning ascribed to such term in the Development Agreement.

“U.S. Government Obligations” shall mean securities that are (i) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act of 1933, as amended) as custodian with respect to any such U.S. Government Obligation or a specific payment of principal of or interest on any such U.S. Government Obligation held by such custodian for the account of the holder of such depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal of or interest on the U.S. Government Obligation evidenced by such depository receipt.

“Utilization” means the number of NAI scheduled Domestic passenger and cargo jet aircraft landings and takeoffs.

“Vesting Date” shall mean the date of the Taking.

“Wings” shall mean Northwest Airlines Holdings Corporation, a Delaware corporation formerly known as Wings Holdings Inc., and its successors and assigns.

“Wings Guarantee” shall mean that certain Guaranty dated March 27, 1992 by Wings in favor and for the benefit of MAC, as amended by that certain Acknowledgement and Affirmation of Guaranty dated December 21, 1994, and as amended by that certain Acknowledgement and Affirmation of Guaranty given by Wings dated January 29, 2002.

ARTICLE XXIII.
MISCELLANEOUS

23.1 Notices.

All notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been duly given or made when delivered to the party to which such notice, request, demand or other communication is required or permitted to be given or made under this Agreement and addressed:

(a) If to the Lessee, at:

NORTHWEST AIRLINES, INC.
2700 Lone Oak Parkway
Eagan, Minnesota 55121
Attention: Treasurer

or by telecopier to:

(612) 726-0665
Attention: Treasurer

(b) If to the Lessor, at:

METROPOLITAN AIRPORTS COMMISSION
6040 28th Avenue South
Minneapolis, Minnesota 55450
Telecopy: (612) 726-5296
Attention: Executive Director

23.2 Severability.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction, it being the intent of the parties that each and every provision of this Agreement shall be enforceable to the fullest extent permitted by law; in addition, provisions relating to the Duluth Facility and the Chisholm Facility shall be severed as provided under Section 6(b) of the Master Financing Agreement.

23.3 Waiver; Amendment.

(a) None of the terms and conditions of this Agreement may be changed, waived, modified or varied in any manner whatsoever unless in writing duly signed by Lessor and Lessee.

(b) No delay on the part of Lessor in exercising any of its rights, remedies, powers and privileges hereunder or partial or single exercise thereof, shall constitute a waiver thereof. No notice to or demand on Lessee in any case shall entitle it to any other or further notice or demanding similar or other circumstances or constitute a waiver of any of the rights of Lessor to any other or further action in any circumstances without notice or demand.

(c) The failure of Lessor or Lessee to enforce any agreement, condition, covenant or term, by reason of its breach by Lessee or Lessor, as the case may be, shall not be deemed to void, waive or affect the right of Lessor or Lessee to enforce the same agreement, condition, covenant or term on the occasion of a subsequent Default or breach.

(d) The specific remedies to which Lessor may resort under the terms of this Agreement are cumulative and are not intended to be exclusive of any other remedies or means of redress to which Lessor may be lawfully entitled in case of any breach or threatened breach by Lessee of any of the terms, covenants and conditions of this Agreement except as specifically provided under Article XXI hereof. The failure of Lessor or Lessee to insist in any one or more cases upon the strict performance of any of the terms, covenants and conditions of this

Agreement, or to exercise any right or remedy herein contained, shall not be construed as a waiver or relinquishment for the future of such terms, covenants and conditions. The receipt by Lessor, or payment by Lessee, of Rent with knowledge of the breach of any of such terms, covenants and conditions shall not be deemed a waiver of such breach. The acceptance of any check or payment bearing or accompanied by any endorsement, legend or statements shall not, of itself, constitute any change in or termination of this Agreement. No surrender of the Equipment or Other Personal Property by Lessee (prior to any termination of this Agreement) shall be valid unless consented to in writing by Lessor. In addition to the other remedies in this Agreement provided and to the extent permitted by law, Lessor shall be entitled to the restraint by injunction of the material violation or attempted or threatened violation of any of the terms, covenants and conditions of this Agreement or to a decree compelling performance of any of such terms, covenants and conditions.

23.4 Obligations Absolute.

The obligations of Lessee hereunder shall remain in full force and effect without regard to, and shall not be impaired by:

(a) any exercise or non-exercise, or any waiver of, any right, remedy, power or privilege under or in respect of this Agreement or any other Agreement except as specifically set forth in a waiver granted pursuant to the restrictions of Section 22.3 hereof; or

(b) any amendment to or modification of any Agreement or any security for any of such obligations; whether or not Lessee shall have notice or knowledge of any of the foregoing.

23.5 Successors and Assigns.

This Agreement shall be binding upon Lessee and Lessor and their successors and assigns and shall inure to the benefit of Lessor and its successors and assigns, provided that Lessee may not transfer or assign any or all of its rights or obligations hereunder, except as otherwise provided in Section 15.2 and 20.2(c) and (d), without the written consent of Lessor. Lessor may not transfer or assign any or all of its rights hereunder except (i) to the extent the holders of the GO Bonds or other third parties succeed to Lessor's interest in this Agreement; (ii) to the extent a new public entity is created, which public entity substantially assumes the functions of the Lessor; (iii) to the extent required by operation of law; or (iv) to the extent provided in the Intercreditor Agreement. All agreements, statements, representations and warranties made by Lessee herein or in any certificate or other instrument delivered by Lessee or on its behalf under this Agreement shall be considered to have been true and correct as of the time when made, shall be deemed to be relied upon by Lessor, and shall survive the execution and delivery of this Agreement and the Intercreditor Agreement regardless of any investigation made by Lessor.

23.6 Expenses.

Lessee agrees to pay, on demand, whether or not any Event of Default shall have occurred and regardless of whether or not any proceeding to enforce this Agreement shall have been commenced, all reasonable costs and expenses (including without limitation all fees and disbursements of legal counsel) incurred by the Lessor in connection with (i) the preparation or enforcement of this Agreement and the security interests granted hereunder, (ii) any filings or

recordings with respect to the security interest granted hereunder (including all filing and recording fees, stamp taxes, recording taxes and intangible property taxes, if any), or (iii) the preparation of any amendments to this Agreement or waivers or consents in connection herewith.

23.7 Counterparts.

This Agreement may be executed in any number of counterparts each of which shall be an original and all of which shall constitute one and the same agreement.

23.8 Construction.

(a) Subject to Section 23.5, the term "Lessor" as used herein shall mean only the owner or the mortgagee in possession for the time being of the Equipment and Other Personal Property so that in the event of any sale, transfer or conveyance thereof, Lessor shall be and hereby is entirely freed and relieved of all agreements, covenants and obligations of Lessor hereunder, and it shall be deemed and construed without further agreement between the parties or their successors in interest or between the parties and the purchaser, transferee or grantee at any such sale, transfer or conveyance that such purchaser, transferee or grantee has assumed and agreed to carry out any and all agreements, covenants and obligations of Lessor hereunder.

(b) The use herein of the neuter pronoun in any reference to Lessor or Lessee shall be deemed to include any individual Lessor or Lessee and the use herein of the words "successor and assigns" or "successors or assigns" of Lessor or Lessee shall be deemed to include the assigns of Lessor or Lessee.

23.9 Headings.

The headings herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Agreement nor in any way affect this Agreement.

23.10 Entire Agreement.

This Agreement and the other agreements executed or being executed in connection with the transactions contemplated by this Agreement exclusively and completely state the rights of the Lessor and the Lessee with respect to the leasing of the Equipment and Other Personal Property and supersede all prior agreements, oral or written, with respect thereto.

23.11 No Broker.

Lessee represents and warrants to the Lessor that Lessee has not dealt with any real estate broker in connection with this Agreement and Lessee agrees to indemnify the Lessor and save the Lessor harmless from any and all claims for brokerage commissions by any person, firm, corporation or other entity claiming to have brought about this Agreement. The provisions of this Section 23.11 shall survive the expiration or earlier termination of this Agreement.

23.12 Management.

Lessor shall not, in any event whatsoever, be liable for any injury or damage to any property or to any Person happening in, on or about the Equipment or Other Personal Property, nor for any injury or damage to any property of Lessee, or of any other Person or Persons contained therein unless the same is caused by Lessor's gross negligence or willful misconduct. The provisions hereof permitting Lessor to enter and inspect the Equipment and Other Personal Property are made for the purpose of enabling Lessor to be informed as to whether Lessee is complying with agreements, terms, covenants and conditions hereof, and if Lessor so desires, to do such acts as Lessee shall fail to do provided that Lessor complies with Article XVII prior thereto.

23.13 Intentionally Omitted

23.14 Memorandum.

This Agreement shall not be recorded but the parties hereto agree to execute and deliver for recording a memorandum of lease incorporating the basic terms and conditions hereof but deleting any statement or mention of the rental payments hereunder.

23.15 Governing Law/Jurisdiction.

This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Minnesota. Lessee hereby consents to the personal jurisdiction of the state and federal courts of the State of Minnesota in connection with any controversy related to this Agreement, waives any argument that venue in such forums is not convenient and agrees that any litigation initiated by Lessee against Lessor shall be venued in the District Court of Hennepin County, Minnesota, or the United States District Court for the State of Minnesota.

23.16 No Merger.

Notwithstanding (i) the termination or expiration of this Agreement; (ii) foreclosure of the NAI Collateral Assignment of Leases; (iii) a conveyance of the Lessee's interest in this Agreement to Lessor in lieu of foreclosing the NAI Collateral Assignment of Leases; or (iv) the exercise of any remedies by Lessor under this Agreement or the NAI Collateral Assignment of Leases, Lessee's interest shall not merge with the mortgagee's or mortgagor's interest in such NAI Collateral Assignment of Leases, nor shall any such event merge the Lessee's and Lessor's interest in this Agreement.

23.17 Interpretation.

This Agreement is the product of negotiations between Lessor and Lessee, and no provision shall be construed for or against either party by reason of ambiguity in language or by reason of the drafting of this Agreement by one of the parties.

23.18 Financing Agreement.

For tax, bankruptcy, accounting and all other purposes (except as necessary to comply with the statutory and constitutional authority for the issuance of the GO Bonds), the parties agree that this Agreement is a lease intended as security and to treat it as such. Notwithstanding any provision in this Agreement which describe Lessor as the "owner" of the Equipment or Other Personal Property, the parties recognize that Lessor's actual interests in the Equipment and Other Personal Property under this Agreement are those solely of a secured lender.

23.19 No Third Party Beneficiaries.

Lessor and Lessee agree that this Agreement shall not be construed or deemed to be made for the benefit or any third party or parties other than successors and assigns contemplated under Section 23.5 above, or the State as provided in the Master Financing Agreement.

23.20 Nondiscrimination.

Lessee, as a part of the consideration hereof, agrees that in the event facilities are constructed, maintained, or otherwise operated on the Premises for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, the Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49 C.F.R. Part 21, Nondiscrimination in Federally-assisted Programs of the Department of Transportation, and as said regulations may be amended.

The Lessee for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities; (2) that in the construction of any improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (3) that the Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to Title 49, C.F.R., Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

23.21 Civil Rights.

Lessee assures that it will comply with pertinent statutes, Executive Orders and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from federal assistance. This provision obligates the Lessee or its transferee for the period during which federal assistance is extended to the airport program, except where federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases the provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the sponsor or any transferee for a purpose for which federal assistance is extended, or

for another purpose involving the provision of similar services or benefits; or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property. In the case of contractors, this provision binds the contractors from the bid solicitation period through the completion of the contract.

23.22 Fair Price.

Lessee shall furnish the services provided on the Premises on a fair, equal, and not unjustly discriminatory basis to all users thereof, and charge fair, reasonable and not unjustly discriminatory prices for each unit or service, provided, that Lessee may be allowed to make reasonable and non-discriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

23.23 Estoppel Certificates.

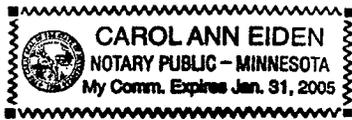
Within 10 days after written request from the requesting party, the non-requesting party will execute and deliver to the requesting party a document furnished by the non-requesting party, which may be relied upon only by the requesting party, and the prospective assignee, subtenant, investor, lender or other party interested in acquiring an interest in Lessee, this Agreement, or any of the Premises or Equipment or Other Personal Property (which party or parties shall be specifically named in the certificate) stating (a) that this Agreement is unmodified and in full force and effect (or if modified, that this Agreement is in full force and effect as modified and stating the modifications), (b) the dates to which Basic Rent and other charges have been paid, (c) the date and amount of the next Basic Rent payment due, (d) the dates on which the Term begins, (e) that Lessee has accepted the Equipment and Other Personal Property and is in possession (which statement shall be qualified "to the best of Lessor's knowledge" should Lessor be the non-requesting party), and (f) that, to the knowledge of the non-requesting party, the requesting party is not in default under this Agreement, or specifying any such default.

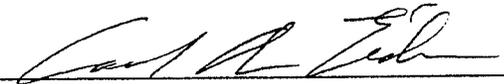
23.24 Prepayments Relating to Simulators.

Lessee agrees to give Lessor ten (10) days prior written notice of the acquisition by Lessee or any affiliate of Lessee of any Simulator (as defined in the Collateral Agreement). In the event Lessee acquires a Simulator upon which Lessor does not receive a Senior Lien (as defined in the Collateral Agreement) in accordance with the terms of the Collateral Agreement, then Lessor may, at its option, in addition to any other remedy Lessor may have hereunder or in any of the other Transaction Documents, require Lessee to prepay the MAC Leases in an aggregate amount equal to one hundred forty-five percent (145%) of the cost of any such Simulator so purchased or the value thereof (as MAC, at its option, shall determine). All such prepayments shall be made in and applied in the manner set forth for prepayments occasioned by a breach of the Public Policy Covenants; provided, however, that all such prepayments shall be immediately due and payable in full in a single payment and shall not be paid in installments over time. The provisions of this Section 23.24 shall in no way constitute a waiver of any other obligations of Lessee hereunder or under any of the other Transaction Documents, including without limitation the obligations of Lessee under the Collateral Agreement to maintain a Senior Lien in favor of Lessor upon all subsequently acquired Simulators or of any Event of Default arising from non-compliance therewith.

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 28th day of January, 2002, by Denise A. Kautzer, the Deputy Executive Director – Administrative Services of the METROPOLITAN AIRPORTS COMMISSION, a public authority organized pursuant to Minnesota Statutes, Chapter 473, on behalf of the corporation.





Notary Public

Schedule A

<i>Rental Payment Date</i>	<i>Sequence Year</i>	<i>Debt Year</i>	<i>Sequence Year Principal and Interest</i>	<i>Basic Rent</i>	<i>3.1 (b)(1) 1.25% Adjustment</i>
02/10/2002	2002	2004	23,908,047.50	7,267,541.00	726,818.00
05/10/2002	2002	2004	23,908,047.50	1,306,635.54	-
08/10/2002	2002	2004	23,908,047.50	-	-
11/10/2002	2003	2005	24,197,810.00	6,049,452.50	601,323.22
02/10/2003	2003	2005	24,197,810.00	6,049,452.50	601,323.22
05/10/2003	2003	2005	24,197,810.00	6,049,452.50	601,323.22
08/10/2003	2003	2005	24,197,810.00	6,049,452.50	-
11/10/2003	2004	2006	24,469,385.00	6,117,346.25	608,339.94
02/10/2004	2004	2006	24,469,385.00	6,117,346.25	608,339.94
05/10/2004	2004	2006	24,469,385.00	6,117,346.25	608,339.94
08/10/2004	2004	2006	24,469,385.00	6,117,346.25	-
11/10/2004	2005	2007	24,721,410.00	6,180,352.50	614,884.94
02/10/2005	2005	2007	24,721,410.00	6,180,352.50	614,884.94
05/10/2005	2005	2007	24,721,410.00	6,180,352.50	614,884.94
08/10/2005	2005	2007	24,721,410.00	6,180,352.50	-
11/10/2005	2006	2008	24,982,422.50	6,245,605.63	621,297.91
02/10/2006	2006	2008	24,982,422.50	6,245,605.63	621,297.91
05/10/2006	2006	2008	24,982,422.50	6,245,605.63	621,297.91
08/10/2006	2006	2008	24,982,422.50	6,245,605.63	-
11/10/2006	2007	2009	25,132,072.50	6,283,018.13	626,431.19
02/10/2007	2007	2009	25,132,072.50	6,283,018.13	626,431.19
05/10/2007	2007	2009	25,132,072.50	6,283,018.13	626,431.19
08/10/2007	2007	2009	25,132,072.50	6,283,018.13	-
11/10/2007	2008	2010	25,413,772.50	6,353,443.13	631,823.06
02/10/2008	2008	2010	25,413,772.50	6,353,443.13	631,823.06
05/10/2008	2008	2010	25,413,772.50	6,353,443.13	631,823.06
08/10/2008	2008	2010	25,413,772.50	6,353,443.13	-
11/10/2008	2009	2011	25,701,472.50	6,425,368.13	638,940.56
02/10/2009	2009	2011	25,701,472.50	6,425,368.13	638,940.56
05/10/2009	2009	2011	25,701,472.50	6,425,368.13	638,940.56
08/10/2009	2009	2011	25,701,472.50	6,425,368.13	-
11/10/2009	2010	2012	26,007,927.50	6,501,981.88	646,367.50
02/10/2010	2010	2012	26,007,927.50	6,501,981.88	646,367.50
05/10/2010	2010	2012	26,007,927.50	6,501,981.88	646,367.50
08/10/2010	2010	2012	26,007,927.50	6,501,981.88	-
11/10/2010	2011	2013	26,369,892.50	6,592,473.13	654,722.75
02/10/2011	2011	2013	26,369,892.50	6,592,473.13	654,722.75
05/10/2011	2011	2013	26,369,892.50	6,592,473.13	654,722.75
08/10/2011	2011	2013	26,369,892.50	6,592,473.13	-
11/10/2011	2012	2014	26,706,552.50	6,676,638.13	663,455.56
02/10/2012	2012	2014	26,706,552.50	6,676,638.13	663,455.56
05/10/2012	2012	2014	26,706,552.50	6,676,638.13	663,455.56

Schedule A

Rental Payment Date	Sequence Year	Debt Year	Sequence Year Principal and Interest	Basic Rent	3.1 (b)(I) 1.25% Adjustment
08/10/2012	2012	2014	26,706,552.50	6,676,638.13	-
11/10/2012	2013	2015	27,060,200.00	6,765,050.00	672,084.41
02/10/2013	2013	2015	27,060,200.00	6,765,050.00	672,084.41
05/10/2013	2013	2015	27,060,200.00	6,765,050.00	672,084.41
08/10/2013	2013	2015	27,060,200.00	6,765,050.00	-
11/10/2013	2014	2016	28,326,131.25	7,081,532.81	692,329.14
02/10/2014	2014	2016	28,326,131.25	7,081,532.81	692,329.14
05/10/2014	2014	2016	28,326,131.25	7,081,532.81	692,329.14
08/10/2014	2014	2016	28,326,131.25	7,081,532.81	-
11/10/2014	2015	2017	28,677,197.50	7,169,299.38	712,541.61
02/10/2015	2015	2017	28,677,197.50	7,169,299.38	712,541.61
05/10/2015	2015	2017	28,677,197.50	7,169,299.38	712,541.61
08/10/2015	2015	2017	28,677,197.50	7,169,299.38	-
11/10/2015	2016	2018	28,608,082.50	7,152,020.63	716,066.00
02/10/2016	2016	2018	28,608,082.50	7,152,020.63	716,066.00
05/10/2016	2016	2018	28,608,082.50	7,152,020.63	716,066.00
08/10/2016	2016	2018	28,608,082.50	7,152,020.63	-
11/10/2016	2017	2019	28,540,981.25	7,135,245.31	714,363.30
02/10/2017	2017	2019	28,540,981.25	7,135,245.31	714,363.30
05/10/2017	2017	2019	28,540,981.25	7,135,245.31	714,363.30
08/10/2017	2017	2019	28,540,981.25	7,135,245.31	-
11/10/2017	2018	2020	28,468,013.75	7,117,003.44	712,612.44
02/10/2018	2018	2020	28,468,013.75	7,117,003.44	712,612.44
05/10/2018	2018	2020	28,468,013.75	7,117,003.44	712,612.44
08/10/2018	2018	2020	28,468,013.75	7,117,003.44	-
11/10/2018	2019	2021	28,387,501.25	7,096,875.31	710,693.94
02/10/2019	2019	2021	28,387,501.25	7,096,875.31	710,693.94
05/10/2019	2019	2021	28,387,501.25	7,096,875.31	710,693.94
08/10/2019	2019	2021	28,387,501.25	7,096,875.31	-
11/10/2019	2020	2022	28,302,251.25	7,075,562.81	708,621.91
02/10/2020	2020	2022	28,302,251.25	7,075,562.81	708,621.91
05/10/2020	2020	2022	28,302,251.25	7,075,562.81	708,621.91
08/10/2020	2020	2022	28,302,251.25	7,075,562.81	-
11/10/2020					
02/10/2021					
05/10/2021					
08/10/2021					
11/10/2021					

Schedule B

<i>Debt Year</i>	<i>Principal Component</i>	<i>Interest Component</i>	<i>Total</i>	<i>Oct. 10 Required Bond Account Balance</i>
2002	\$ -	\$ 7,595,016.72	\$ 7,595,016.72	\$ 47,481,195.00
2003	\$ 5,670,000.00	\$ 17,903,147.50	\$ 23,573,147.50	\$ 48,105,857.50
2004	\$ 6,200,000.00	\$ 17,708,047.50	\$ 23,908,047.50	\$ 48,667,195.00
2005	\$ 6,750,000.00	\$ 17,447,810.00	\$ 24,197,810.00	\$ 49,190,795.00
2006	\$ 7,350,000.00	\$ 17,119,385.00	\$ 24,469,385.00	\$ 49,703,832.50
2007	\$ 7,990,000.00	\$ 16,731,410.00	\$ 24,721,410.00	\$ 50,114,495.00
2008	\$ 8,700,000.00	\$ 16,282,422.50	\$ 24,982,422.50	\$ 50,545,845.00
2009	\$ 9,370,000.00	\$ 15,762,072.50	\$ 25,132,072.50	\$ 51,115,245.00
2010	\$ 10,240,000.00	\$ 15,173,772.50	\$ 25,413,772.50	\$ 51,709,400.00
2011	\$ 11,170,000.00	\$ 14,531,472.50	\$ 25,701,472.50	\$ 52,377,820.00
2012	\$ 12,180,000.00	\$ 13,827,927.50	\$ 26,007,927.50	\$ 53,076,445.00
2013	\$ 13,320,000.00	\$ 13,049,892.50	\$ 26,369,892.50	\$ 53,766,752.50
2014	\$ 14,520,000.00	\$ 12,186,552.50	\$ 26,706,552.50	\$ 55,386,331.25
2015	\$ 15,830,000.00	\$ 11,230,200.00	\$ 27,060,200.00	\$ 57,003,328.75
2016	\$ 18,185,000.00	\$ 10,141,131.25	\$ 28,326,131.25	\$ 57,285,280.00
2017	\$ 19,770,000.00	\$ 8,907,197.50	\$ 28,677,197.50	\$ 57,149,063.75
2018	\$ 21,070,000.00	\$ 7,538,082.50	\$ 28,608,082.50	\$ 57,008,995.00
2019	\$ 22,495,000.00	\$ 6,045,981.25	\$ 28,540,981.25	\$ 56,855,515.00
2020	\$ 24,015,000.00	\$ 4,453,013.75	\$ 28,468,013.75	\$ 56,689,752.50
2021	\$ 25,635,000.00	\$ 2,752,501.25	\$ 28,387,501.25	\$ 28,302,251.25
2022	\$ 27,365,000.00	\$ 937,251.25	\$ 28,302,251.25	n/a
Total	\$ 287,825,000.00	\$ 247,324,287.97	\$ 535,149,287.97	

SIMULATORS

<u>SIMULATOR</u>	<u>OWNER</u>	<u>LOCATION</u>
B747-200 #2	NAI	EAGAN
B757-200 #1	NAI	EAGAN
B757-200 #2	NAI	EAGAN
B727-200 #2	NAI	EAGAN
B727-200 #3	NAI	EAGAN
DC-9-10 #1	NAI	EAGAN
DC-9-30 #3	NAI	EAGAN
DC-9-30 #4	NAI	EAGAN
DC-10-40 #1	NAI	EAGAN

FACILITIES AND EQUIPMENT LEASE AGREEMENT
BY AND BETWEEN MAC AND NAI

SCHEDULE J

LAND

LOT 1, BLOCK 1 and OUTLOT B, LONE OAK SECOND ADDITION, according to the recorded plat thereof, Dakota County, Minnesota.

Together with a perpetual, non-exclusive easement for the use, maintenance, construction and reconstruction of a roadway over, under and across that part of LOT 1, BLOCK 1, LONE OAK, according to the recorded plat thereof, Dakota County, Minnesota, described as follows:

Commencing at the most northerly corner in the easterly line of said LOT 1; thence on an assumed bearing of South 00 degrees 23 minutes 29 seconds East along said easterly line for 464.00 feet to the actual point of beginning thence continue South 00 degrees 23 minutes 29 seconds East along said easterly line for 543.00 feet; thence South 89 degrees 36 minutes 31 seconds West for 60.00 feet; thence North 00 degrees 23 minutes 29 seconds West for 393.00 feet; thence North 17 degrees 21 minutes 12 seconds East for 157.49 feet; thence North 89 degrees 36 minutes 31 seconds East for 12.00 feet to the point of beginning;

as further described in instrument dated April 23, 1992 and filed April 24, 1992 as Document No. 1040095 in the office of the Dakota County Recorder.

SIMULATOR COMPUTER SYSTEMS

<u>SIMULATOR</u>	<u>COMPUTER SYSTEM</u>
B747-200 #2	SEL 32/7780
B757-200 #1	SEL 32/77
B757-200 #2	SEL 32/77
B727-200 #2	SEL 32/7780
B727-200 #3	SEL 32/7780
DC-9-10 #1	GP-4
DC-9-30 #3	TI-980
DC-9-30 #4	VAX 11/780
DC-10-40 #1	PENTIUM III

SCHEDULE L
VALUATION SUMMARY
SPECIFIED ASSETS LOCATED AT NWA'S
B AND C MAINTENANCE BASE IN MSP

Original Eq. Value

MAINTENANCE DOCKS							
2A and 2B	1 - UNI Docks, Full Length	\$ 1,750,000	1990	5%	\$ 1,575,000	\$ 1,300,000	All the bells and whistles 50%
3 A	1 Set Tail and Engine Stands	\$ 500,000	1989	25%	\$ 375,000	\$ 300,000	Not a good design 10/15%
3 B	1 Set Tail Stands on Rollers	\$ 400,000	1980	50%	\$ 200,000	\$ 160,000	Original Republic equipment 45/5%
4 A	B757 Tail and Wing Stands and 4 Other Entrance Stands	\$ 855,900	1984	40%	\$ 510,000	\$ 350,000	Not state of the art 25/15%
4 B	DC-10 Dock, Full Length, Nose Tail, and Wing, 2 Other Stands	\$ 2,280,000	1984	20%	\$ 1,825,000	\$ 1,250,000	State of the art 20/0%
B-7	B747 Section 41 Modification and ARMAR Deck - 3 Sections Nose and Wing Docks Passage Dock Rehab Maintenance	\$ 1,200,000 \$ 1,700,000 \$ 650,000	1986/7 1988 1991	25% 20% 5%	\$ 900,000 \$ 1,350,000 \$ 575,000	\$ 608,000 \$ 925,000 \$ 400,000	Very few of these in existence Very few of these in existence Includes jetties
Total Maintenance Docks		\$ 9,335,900			\$ 7,310,000	\$ 5,335,000	
400Kv GROUND POWER SYSTEMS							
Building B	1-90 KVA and 6-160 KVA Units	\$ 425,000	1989	10%	\$ 385,000	\$ 300,000	State of the art units
Building C	2-160 KVA Units	\$ 125,000	1987	15%	\$ 105,000	\$ 85,000	State of the art units
Total Ground Power System		\$ 550,000			\$ 490,000	\$ 385,000	
CRANES AND HOISTS							
Buildings B & C	Bridge, Monorail, Jib Cranes	\$ 4,326,645	Various	40% Avg.	\$ 2,626,000	\$ 1,575,000	
Total Cranes and Hoists		\$ 4,326,645			\$ 2,626,000	\$ 1,575,000	
TOTAL SPECIFIED ASSETS		\$14,212,545			\$10,426,000	\$ 7,295,000	
Rounded					\$10,400,000	\$ 7,300,000	

* Please see attached for detailed summary.

↑ Capital @ 57.0 mm

Schedule L

P.2

MAR 23 '92 12:01 ROBERT BOBLETT ASSOC. MPLS, MN



Ground Power Units

	<u>Asset</u>	<u>Location</u>	<u>Asset Number</u>
Building B	160 KVA unit	1(a)	GH 550
	160 KVA unit	1(b)	GH 5506
	160 KVA unit	3(a)	GH 5501
	90 KVA Unit	3 center	GJ 5510
	160 KVA unit	4(a)	GH 5507
	160 KVA unit	4(b)	GF 5477
	160 KVA unit	6(a)	GJ 5508
Building C	160 KVA unit	2(a)	N042835
	160 KVA unit	4(a)	N042939



NWA, INC.
CRANES AND HOISTS

CRANE NUMBER	BLDG	TYPE OF CRANE	CAPACITY	SPAN	AGE YRS	EST FMV-CU	EST OLV
1	B	Bridge	5 Ton	30'	32	15,100	9,060
2	B	Bridge	5 Ton	30'	32	15,100	9,060
3	B	Bridge	5 Ton	30'	32	15,100	9,060
4	B	Bridge	3 Ton	30'	32	14,100	8,460
5	B	Monorail	1/2 Ton	N/A	32	700	420
6	B	Monorail	1/2 Ton	N/A	32	700	420
7	B	Monorail	5 Ton	N/A	32	1,400	840
8	B	Monorail	3 ton	N/A	32	1,100	660
9	B	Monorail	5 ton	N/A	32	1,400	840
10	B	Monorail	2 ton	N/A	32	900	540
11	B	Monorail	1/2 ton	N/A	30	1,300	780
12	B	Monorail	1/2 ton	N/A	30	1,300	780
13	B	Open	Open	Open	Open	0	0
14	B	Tank Hoist	1 ton	N/A	30	600	360
15	B	Tank Hoist	1 ton	N/A	30	600	360
16	B	Tank Hoist	1 ton	N/A	30	0	0
17	B	Tank Hoist	1 ton	N/A	30	600	360
18	B	Tank Hoist	1 ton	N/A	30	600	360
19	B	Monorail	1/2 ton	N/A	5	1,000	600
20	B	Monorail	1/2 ton	N/A	5	1,000	600
21	B	Monorail	1/2 ton	N/A	5	1,000	600
22	B	Monorail	1/2 ton	N/A	5	1,000	600
23	B	Monorail	1/2 ton	N/A	5	1,000	600
24	B	Monorail	1/2 ton	N/A	30	600	360
25	B	Non-travel	1/2 ton	N/A	15	700	420
26	B	Bridge	1/2 ton	12'	25	7,500	4,500
27	B	Bridge	1 ton	30'	32	11,000	6,600
28	B	Jib Crane	1 ton	N/A	2	1,600	960
29	B	Jib Crane	1/2 ton	N/A	2	1,400	840
30	B	Bridge	1/2 ton	40'	30	8,400	5,040
31	B	Bridge	2 ton	40'	5	18,500	11,100
32	B	Bridge	1 ton	40'	5	18,500	11,100
33	B	Bridge	3 ton	40'	30	12,200	7,320
34	B	Jib Crane	1/2 ton	N/A	1	1,500	900
35	B	Bridge	1 ton	40'	30	11,500	6,900
36	B	Bridge	1 ton	40'	30	11,500	6,900

NWA, INC.
CRANES AND HOISTS

CRANE NUMBER	BLDG	TYPE OF CRANE	CAPACITY	SPAN	AGE YRS	EST FMV-CU	EST CLV
37	B	Jib Crane	1/4 ton	N/A	30	600	360
38	B	Bridge	2 ton	40'	30	12,400	7,440
39	B	Bridge	2 ton	40'	30	12,400	7,440
40	B	Bridge	1 ton	40'	5	22,400	13,440
41	B	Jib Crane	1/2 ton	N/A	21	900	540
42	B	Jib Crane	1/2 ton	N/A	30	800	480
43	B	Jib Crane	1/2 ton	N/A	30	800	480
44	B	Jib Crane	1/2 ton	N/A	21	900	540
45	B	Jib Crane	1/2 ton	N/A	5	1,400	840
46	B	Jib Crane	1/2 ton	N/A	5	1,400	840
47	B	Bridge	1 ton	40'	5	20,400	12,240
48	B	Bridge	1 ton	40'	5	20,400	12,240
49	B	Jib Crane	1/2 ton	N/A	25	700	420
50	B	Bridge	2 ton	40'	30	11,500	6,900
51	B	Bridge	2 ton	40'	30	11,500	6,900
52	B	Bridge	5 ton	40'	30	17,700	10,620
53	B	Non-travel	1/4 ton	N/A	30	600	360
54	B	Bridge	2 ton	40'	5	18,500	11,100
55	B	Bridge	2 ton	40'	5	18,500	11,100
56	B	Monorail	1/2 ton	N/A	4	1,200	720
57	B	Monorail	1/2 ton	N/A	4	1,200	720
58	B	Monorail	1/4 ton	N/A	30	600	360
59	B	Bridge	2 ton	40'	5	19,000	11,400
60	B	Bridge	2 ton	40'	5	19,000	11,400
61	B	Monorail	5 ton	N/A	5	3,200	1,920
62	B	Monorail	2 ton	N/A	5	1,700	1,020
63	B	Monorail	5 ton	N/A	5	3,200	1,920
64	B	Monorail	2 ton	N/A	5	1,700	1,020
65	B	Monorail	5 ton	N/A	5	3,200	1,920
66	B	Monorail	2 ton	N/A	5	1,700	1,020
67	B	Monorail	5 ton	N/A	5	3,200	1,920
68	B	Monorail	3 ton	N/A	5	1,900	1,140
69	B	Monorail	5 ton	N/A	5	3,200	1,920
70	B	Monorail	3 ton	N/A	5	1,900	1,140
71	B	Monorail	5 ton	N/A	5	3,200	1,920
72	B	Monorail	3 ton	N/A	5	1,900	1,140

NWA, INC.
CRANES AND HOISTS

CRANE NUMBER	BLDG	TYPE OF CRANE	CAPACITY	SPAN	AGE YRS	EST FMV-CU	EST OLV
73	B	Bridge	2 ton	40'	2	20,900	12,540
74	B	Bridge	1 ton	40'	2	20,900	12,540
75	B	Monorail	5 ton	N/A	5	3,200	1,920
76	B	Monorail	2 ton	N/A	5	1,700	1,020
77	B	Monorail	5 ton	N/A	5	3,200	1,920
78	B	Monorail	2 ton	N/A	5	1,700	1,020
79	B	Monorail	5 ton	N/A	5	3,200	1,920
80	B	Monorail	3 ton	N/A	5	1,900	1,140
81	B	Monorail	5 ton	N/A	5	3,200	1,920
82	B	Monorail	3 ton	N/A	5	1,900	1,140
83	B	Bridge	5 ton	N/A	5	21,200	12,720
84	B	Fixed Non-travel	5 ton	N/A	30	5,200	3,120
85	B	Fixed Non-travel	5 ton	N/A	30	5,200	3,120
86	B	Fixed Non-travel	25 ton	N/A	30	5,200	3,120
87	B	Bridge	12.5 ton	40'	21	29,700	17,820
88	B	Bridge	5 ton	40'	30	17,700	10,620
89	B	Monorail	1/4 ton	N/A	30	9,800	5,880
90	B	Monorail	1/4 ton	N/A	30	9,800	5,880
91	B	Monorail	2 ton	N/A	30	10,100	6,060
92	B	Monorail	1/4 ton	N/A	30	9,800	5,880
93	B	Monorail	1/4 ton	N/A	30	9,800	5,880
94	B	Monorail	1/4 ton	N/A	30	9,800	5,880
95	B	Monorail	2 ton	N/A	30	10,100	6,060
96	B	Monorail	1 ton	N/A	30	9,800	5,880
97	B	Monorail	1/4 ton	N/A	30	9,800	5,880
98	B	Monorail	1/2 ton	N/A	30	9,800	5,880
99	B	Monorail	1/4 ton	N/A	30	9,800	5,880
100	B	Monorail	1/2 ton	N/A	8	14,100	8,460
101	B	Monorail	1/2 ton	N/A	8	14,100	8,460
102	B	Bridge	2 ton	40'	21	14,100	8,460
103	B	Bridge	2 ton	40'	21	14,100	8,460
104	B	Bridge	2 ton	40'	20	12,700	7,620
105	B	Bridge	2 ton	40'	5	18,500	11,100
106	B	Jib Crane	1 ton	N/A	5	1,200	720
107	B	Bridge	3 ton	40'	5	16,900	10,140
108	B	Bridge	3 ton	40'	5	16,900	10,140

NWA, INC.
CRANES AND HOISTS

CRANE NUMBER	BLDG	TYPE OF CRANE	CAPACITY	SPAN	AGE YRS	EST FMV-CU	EST OLV
109	B	Jib Crane	1/4 ton	N/A	30	600	360
110	B	Bridge	2 ton	10'	20	8,300	4,980
111	B	Bridge	3 ton	40'	30	9,600	5,760
112	B	Bridge	5 ton	40'	5	38,000	22,800
113	B	Bridge	2 ton	40'	30	9,400	5,640
114	B	Bridge	3 ton	40'	30	9,400	5,640
115	B	Bridge	1 ton	40'	30	10,500	6,300
116	B	Bridge	1 ton	40'	30	10,500	6,300
117	B	Monorail	2 ton	N/A	30	900	540
118	B	Bridge	1 ton	40'	30	10,500	6,300
119	B	Bridge	1 ton	40'	30	10,500	6,300
120	B	Bridge	2 ton	40'	21	12,100	7,260
121	B	Bridge	2 ton	40'	21	12,800	7,680
122	B	Bridge	1 ton	40'	15	12,600	7,560
123	B	Bridge	2 ton	40'	21	12,800	7,680
124	B	Bridge	2 ton	12'	21	9,800	5,880
125	B	Bridge	5 ton	40'	30	17,700	10,620
126	B	Monorail	1/4 ton	N/A	10	1,300	780
127	B	Monorail	1 ton	N/A	30	800	480
128	B	Monorail	1/4 ton	N/A	25	1,000	600
129	B	Monorail	1/4 ton	N/A	30	900	540
130	B	Monorail	1/2 ton	N/A	30	700	420
131	B	Monorail	1/2 ton	N/A	30	700	420
132	B	Monorail	1/2 ton	N/A	30	700	420
133	B	Bridge Crane	2 ton	12'	30	8,500	5,100
134	B	Jib Crane	1/2 ton	N/A	21	800	480
135	B	Bridge	1/2 ton	15'	20	6,900	4,140
136	B	Monorail	5 ton	N/A	30	2,800	1,680
137	B	Bridge Crane	1 ton	36'	20	10,500	6,300
138	B	Monorail	1/2 ton	N/A	16	800	480
139	B	Monorail	2 ton	N/A	20	1,100	660
140	B	Bridge Crane	5 ton	36'	21	21,100	12,660
141	B	Jib Crane	1/4 ton	N/A	20	800	480
142	B	Open	Open	Open	Open		
143	B	Bridge	5 ton	60'	31	22,900	13,740
144	B	Tail Door List			31		

NWA, INC.
CRANES AND HOISTS

CRANE NUMBER	BLDG	TYPE OF CRANE	CAPACITY	SPAN	AGE YRS	EST FMV-CU	EST OLV
145	B	Bridge	5 ton	60'	31	22,900	13,740
146	B	Tail Door List			31		
147	B	Bridge	5 ton	60'	31	22,900	13,740
148	B	Tail Door List			31		
149	B	Bridge	5 ton	60'	31	22,900	13,740
150	B	Tail Door List			31		
151	B	Bridge	5 ton	60'	31	22,900	13,740
152	B	Bridge	10 ton	125'	21	56,000	33,600
153	B	Bridge	5 ton	90'	21	39,500	23,700
154	B	Monorail	1 ton	N/A	21	1,200	720
155	B	Bridge	10 ton	125'	21	56,000	33,600
156	B	Bridge	5 ton	90'	21	39,500	23,700
157	B	Monorail	1/4 ton	N/A	21	700	420
158	B	Monorail	1/2 ton	N/A	15	800	480
159	B	Bridge	2 ton	12'	5	14,300	8,580
160	B	Bridge	1 ton	30'	6	15,000	9,000
161	B	Monorail	1 ton	N/A	8	1,000	600
162	B	Bridge	5 ton	40'	8	35,400	21,240
163	B	Bridge	5 ton	40'	8	35,400	21,240
164	B	Bridge	5 ton	40'	8	35,400	21,240
165	B	Bridge	5 ton	40'	8	35,400	21,240
166	B	Jib Crane	1/2 ton	N/A	5	1,200	720
167	B	Chain Fall				0	0
168	B	Chains				0	0
169	B	Monorail	1/2 ton	N/A	10	2,000	1,200
170	B	Bridge	1 ton	30'	5	14,300	8,700
171	B	Jib Crane	1/2 ton	N/A	10	900	540
172	B	Monorail	5 ton	N/A	4	5,400	3,240
173	B	Monorail	3 ton	N/A	4	2,100	1,260
174	B	Monorail	5 ton	N/A	4	5,400	3,240
175	B	Monorail	3 ton	N/A	4	2,100	1,260
176	B	Monorail	1/2 ton	N/A	3	4,000	2,400
177	B	Monorail	1/2 ton	N/A	3	4,000	2,400
178	B	Monorail	1/2 ton	N/A	3	4,000	2,400
179	B	Monorail	1/2 ton	N/A	3	4,000	2,400
180	B	Monorail	1/2 ton	N/A	3	4,000	2,400

NWA, INC.
CRANES AND HOISTS

CRANE NUMBER	BLDG	TYPE OF CRANE	CAPACITY	SPAN	AGE YRS	EST FMV-CU	EST OLV
181	B	Monorail	3 ton	N/A	2	2,300	1,380
182	B	Monorail	5 ton	N/A	2	6,000	3,600
183	B	Monorail	3 ton	N/A	2	2,300	1,380
184	B	Monorail	5 ton	N/A	2	6,000	3,600
185	B	Workstand Hoist	20 ton	N/A	1	11,200	6,720
186	B	Workstand Hoist	20 ton	N/A	1	11,200	6,720
187	B	Monorail	1/4 ton	N/A	2	1,600	960
301	C	Monorail	2 ton	N/A	10	1,300	760
302	C	Monorail	2 ton	N/A	10	1,400	840
303	C	Removed Hoist				0	0
304	C	Bridge	1 ton	48'	10	14,200	8,520
305	C	Bridge	7 1/2 ton	60'	10	48,000	28,800
306	C	Bridge	1 ton	24'	8	16,300	9,780
307	C	Monorail	1 ton	N/A	2	3,300	1,980
308	C	Monorail	1 ton	N/A	2	3,300	1,980
309	C	Bridge	3 ton	68'	21	17,900	10,740
310	C	Bridge	3 ton	40'	21	13,500	8,100
311	C	Bridge	2 ton	12'	21	10,200	6,120
312	C	Bridge	2 ton	12'	21	10,200	6,120
313	C	Jib Crane	1/2 ton	N/A	21	300	480
314	C	Monorail	1/2 ton	N/A	5	1,400	840
315	C	Bridge	1/2 ton	28'	21	6,900	4,140
316	C	Removed				0	0
317	C	Bridge	1 ton	16'	10	10,100	6,060
318	C	Bridge	1 ton	16'	15	10,000	6,000
319	C	Bridge	1 ton	32'	10	11,300	6,780
320	C	Monorail	1/2 ton	N/A	21	800	480
321	C	Monorail	1/4 ton	N/A	21	800	480
322	C	Bridge	3 ton	70'	21	20,800	12,480
323	C	Bridge	3 ton	60'	21	19,600	11,760
324	C	Bridge	2 ton	62'	1	24,900	14,940
325	C	Bridge	5 ton	50'	10	37,700	22,620
326	C	Bridge	1 1/4 ton	16'	1	17,000	10,200
327	C	Bridge	1 1/4 ton	10'	1	17,000	10,200
328	C	Bridge	5 ton	108'	10	61,900	37,140
329	C	Bridge	5 ton	108'	1	85,800	51,480

NWA, INC.
CRANES AND HOISTS

CRANE NUMBER	BLDG	TYPE OF CRANE	CAPACITY	SPAN	AGE YRS	EST FNV-CU	EST CLV
330	C	Bridge	10 ton	20'	3	32,300	19,380
331	C	Non-travel	1/4 ton	N/A	10	700	420
332	C	Bridge	10 ton	80'	1	82,700	49,620
333	C	Bridge	10 ton	80'	1	82,700	49,620
334	C	Bridge	5 ton	66'	1	62,300	37,380
335	C	Jib Crane	1/4 ton	N/A	1	1,500	900
336	C	Jib Crane	1/4 ton	N/A	1	1,500	900
337	C	Monorail	2 ton	N/A	1	2,000	1,200
338	C	Bridge	10 ton	80'	1	82,700	49,620
339	C	Bridge	10 ton	80'	1	82,700	49,620
340	C	Bridge	5 ton	66'	1	62,300	37,380
341	C	Jib Crane	1/4 ton	N/A	1	1,500	900
342	C	Jib Crane	1/4 ton	N/A	1	1,500	900
343	C	Monorail	2 ton	N/A	1	2,500	1,500
344	C	Monorail	10 ton	N/A	1	8,400	5,040
345	C	Monorail	1/2 ton	N/A	1	1,500	900
346	C	Bridge	1 ton	28'	1	18,800	11,280
						2,626,000	1,575,600

FACILITIES AND EQUIPMENT LEASE AGREEMENT
BY AND BETWEEN MAC AND NAI

SCHEDULE M

PERMITTED ENCUMBRANCES

“Permitted Encumbrances” shall mean:

(a) Liens for taxes, assessments or governmental charges or claims not yet delinquent or Liens for taxes, assessments or governmental charges or claims being contested as provided in Section 6.5 of the Agreement;

(b) Liens imposed by law which were incurred in the ordinary course of business, such as carriers’, warehousemen’s and mechanics’ Liens and other similar Liens arising in the ordinary course of business, (x) where payment is not yet delinquent, (y) which are not yet required to be released pursuant to Section 12.4 of the Agreement, or (z) which are being contested as provided in Section 12.4 of the Agreement;

(c) Liens created by the Agreement;

(d) Liens created by or permitted in accordance with any of the Security Documents;

(e) Liens (other than any Lien imposed by ERISA) incurred in the ordinary course of business in connection with workers’ compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations incurred in the ordinary course of business (exclusive of obligations in respect of the payment for borrowed money); and

(f) Liens in connection with any attachment or judgment (including judgment or appeal bonds) not prohibited under Section 14.1(g) of the Agreement.

ATTACHMENT 1
DULUTH MAINTENANCE FACILITY

Estimated Personnel Staffing

	<u>December 1996</u>	<u>December 2000</u>
Hangar	133	200
Facility Support	78	78
Core Functions	<u>56</u>	<u>56</u>
TOTAL	267	334

The foregoing data are estimates prepared by Northwest Airlines, Inc. in the fall of 1994, and the provision of such estimates does not constitute an independent promise to achieve such estimates beyond the requirements of the related Duluth Employment Covenant.

ATTACHMENT 2
DULUTH ANNUAL AVERAGE WAGES

- The annual labor costs per Mechanic are estimated as \$54,400. This estimate is based on a \$41,900 salary multiplied by a factor of 1.3 to include benefits.
- The annual labor costs per Lead Mechanic are estimated as \$59,300. This estimate is based on a \$45,600 salary multiplied by a factor of 1.3 to include benefits.
- The annual labor costs per General Inspector are estimated as \$59,500. This estimate is based on a \$45,800 salary multiplied by a factor of 1.3 to include benefits.
- The annual labor costs per Lead Inspector are estimated as \$60,800. This estimate is based on a \$46,700 salary multiplied by a factor of 1.3 to include benefits.
- The annual labor costs per Work Control Clerk are estimated as \$38,700. This estimate is based on a \$29,800 salary multiplied by a factor of 1.3 to include benefits.
- The annual labor costs per Technical Writer are estimated as \$64,800. This estimate is based on a \$49,800 salary multiplied by a factor of 1.3 to include benefits.
- The annual labor costs per Cleaner are estimated as \$33,500. This estimate is based on a \$25,800 salary multiplied by a factor of 1.3 to include benefits.

NOTE: The above analysis is based upon average years of service as of 10/25/94. The above analysis also assumes pre-concession wage rates.