

Tentative Agreement
October 9, 2006

NORTHWEST AIRLINES, INC.
and
AIRCRAFT MECHANICS FRATERNAL ASSOCIATION

STRIKE SETTLEMENT AGREEMENT

WHEREAS, Northwest Airlines, Inc. ("Company") and the Aircraft Mechanics Fraternal Association ("AMFA") have agreed to submit the implemented Terms and Conditions of Employment, as modified herein, for a ratification vote by the AMFA membership, and;

WHEREAS, the parties have agreed that, should such Terms and Conditions of Employment be ratified and executed, thereby resulting in a new collective bargaining agreement covering technicians and related personnel (hereinafter, the "Agreement"), the strike will end;

THEREFORE, it is hereby agreed that the following terms, together with the Agreement will govern the continuing employment status of AMFA represented employees who were on strike:

1. **"On Strike" to Layoff Status.** Upon ratification of the terms and conditions of employment and execution of the same as the Agreement (hereinafter, the "DOS"), AMFA represented employees whose employment status had been "on strike," including those employees who made unconditional offers to return to work and placed their names on the preferential reinstatement list but were not yet reinstated as of October 9th, 2006, will be placed off payroll on lay-off status, effective DOS, from the permanent positions they held at the time of the strike, without a right to exercise seniority for purposes of displacing any new hire permanent replacement employee or AMFA represented employees who made unconditional offers to return to work and were reinstated prior to October 9, 2006. Except as stated herein and below, employees placed off payroll on layoff status will be subject to the terms and conditions of the Agreement. Individual layoff notices will be mailed to such employees at their addresses of record with Corporate Human Resources Department. Such employees will be entitled to layoff pay pursuant to paragraph 2, below. AMFA represented employees who on DOS are already off payroll on layoff status will remain in such status and will not be entitled to any layoff pay pursuant to this Strike Settlement Agreement (hereinafter, the "Settlement"). The status of former AMFA represented employees who have been discharged or who terminated employment through death, resignation, retirement, or other means prior to DOS, will not change as a result of this Settlement. Employees who were on sick leave, occupational injury leave, or unpaid medical leave status at the time the strike commenced and who the Company ultimately determines, upon review, were properly placed in "on strike" status during the strike shall retain the right to contest the Company's determination through the grievance/arbitration procedures set forth in the Agreement.

2. **Severance (Layoff) Pay.** Notwithstanding any provision of Article 22 of the Agreement to the contrary, employees whose status was converted from "on strike" to off payroll on layoff pursuant to paragraph 1, above, will be entitled to one (1) week of severance pay for each year of service with a maximum of five (5) weeks. Such severance pay will be paid in a lump sum and calculated at the base rates of pay set forth in Schedule A of the Agreement. Such employees will also be entitled to payment of any accrued vacation at the base rates of pay set forth in Schedule A plus the applicable number of license premiums each employee had been receiving at the time of the strike and which are recognized by the Agreement at rates set forth on page A.3 of the Agreement. AMFA represented employees who on DOS are already off payroll on layoff status or who were discharged or whose employment ended as a consequence of death, resignation, retirement, or other means prior to DOS will not be entitled to any such severance pay.
3. **Right of Recall.** AMFA represented employees whose status is converted from "on strike" to off payroll on layoff pursuant to paragraph 1, above, will be deemed to have a right of recall to the permanent positions from which laid off, without filing a Request for Recall for the calendar year 2006. Thereafter, such employees will be subject to all of the terms of the Agreement concerning renewal of such right, seniority, and all other re-employment rights. Such employees will also be eligible to file system bids based upon their established and retained classification seniority.
4. **Preferential Reinstatement List and Future Open Positions.** The preferential reinstatement list of striking employees who have offered unconditional acceptance of the implemented terms and conditions during the strike but who had not yet been offered reinstatement to open available positions as of October 9, 2006, will be extinguished as a result of this Settlement. During the ratification period, referenced below in paragraph 9, the Company will not fill any open positions. Future open positions, as defined by Article 9(B), which are and remain approved by the Company for filling will be filled pursuant to the terms and conditions of the Agreement. Employees off payroll on layoff status will be allowed Internet access to job bulletins in RADAR.
5. **No Contest of Unemployment Compensation Claims.** Following ratification and execution of the Agreement, the Company agrees that it will immediately withdraw any pending appeals as to any strike related unemployment claims filed by AMFA represented employees and will not thereafter contest payment of unemployment compensation benefits to any AMFA represented employee whose status is converted from "on strike" to off payroll on layoff status.
6. **No Displacement of Permanent Replacement Employees or Crossover Employees.** New hire permanent replacement employees and AMFA represented employees who made unconditional offers to return to work and were reinstated prior

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to DOS will not be displaced in order to create vacancies for striking employees converted to off payroll layoff status, nor will they be displaced under this Settlement consistent with paragraph 1, above. However, the seniority provisions of Article 10 of the Agreement will apply to all employees who retain seniority rights under the Agreement.

7. **No Retribution, Retaliation, or Harassment Due to Participation or Non-Participation in the Strike or Permanent Replacement Status.** The Company and AMFA agree that: (a) neither party shall, in any manner, punish or discipline any person for his/her decision to participate or not to participate in the strike which commenced on August 19, 2005, provided, however, that neither the filing of an internal complaint or charge pursuant to the AMFA Constitution, nor the expulsion of a member by AMFA as a result of such complaint or charge, will, standing alone, be considered a violation of this provision; (b) there shall be no fines, harassment, recriminations, sanctions, actions, reprisals, grievances, threats, or other manifestations of hostility by either the AMFA or any of its agents, members or employees represented by AMFA, or by the Company or its managers, supervisors or agents against any person as a result of such person working or not working for the Company, during the period 11:01 p.m., CDT, August 19, 2005, and 12:01 am CDT on the day following ratification and execution of the Agreement. This paragraph 7 shall not prohibit present or future prosecution of criminal actions and/or present or future Company discipline against individuals for violence against persons or damage to property, misconduct or other good cause. It is expressly agreed that any such actions prohibited by this paragraph 7 shall be treated as exceptionally serious misconduct and grounds for immediate discharge, without further warning, subject to the normal grievance and arbitration provisions of the Agreement.

8. **Separation Pay.** Employees who are "on strike" from a permanent position and who elect to resign their employment with the Company will be entitled to one (1) week of separation pay for each year of service with a maximum of ten (10) weeks. Such separation pay will be paid in a lump sum and will be calculated at the base rates of pay set forth in Schedule A of the Agreement. Such employees will also be entitled to payment of any accrued vacation at the base rates of pay set forth in Schedule A plus the applicable number of license premiums each employee had been receiving at the time of the strike and which are recognized under the Agreement at rates set forth on page A.3 of the Agreement. AMFA represented employees who on DOS are already off payroll on layoff status or who were discharged or whose employment ended as a consequence of death, resignation, retirement, or other means prior to DOS will not be entitled to any such separation pay.
 - a. Each such employee who desires to do so must elect to resign his employment by submitting a written notice of resignation and application for termination pay to: Labor Relations Department, Mail Stop A1170, 2700 Lone Oak Parkway, Eagan,

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MN 55121-1534. Such resignation must be received by the Labor Relations Department within 21 calendar days after ratification of this Settlement.

- b. Such employees shall be deemed to have voluntarily resigned from employment with the Company and will be considered permanently ineligible for re-employment with the Company.
 - c. Any such employee who has a minimum of ten (10) years of vesting service and whose years of vesting service plus age is equal or greater than 60 will be considered eligible to apply for "Rule of 60" retiree boarding priority space available lifetime pass privileges subject to the terms and conditions of that Program and the Company's pass privilege rules generally.
9. **Ratification Period.** This Settlement is contingent upon the ratification vote on the Agreement being completed and tallied no later than 30 days after the date of this Settlement. In the absence of such ratification, this Settlement shall be null and void and of no further force or effect.
10. **Bankruptcy Proceedings.** Notwithstanding the execution and delivery of the Agreement by Northwest or any other provision or condition set forth in the Agreement. (a) Northwest, as debtor in possession, is not assuming any liabilities or obligations under any prior agreement or any claims which otherwise may be alleged to have arisen against Northwest at any time prior to the execution of the Agreement; (b) any obligations of Northwest under the Agreement shall not constitute costs and expense of its pending Chapter 11 case; and (c) Northwest continues to have all of its rights to seek rejection and modification of the terms and conditions of the Agreement under sections 1113 and 1114 of the Bankruptcy Code or otherwise, on the same basis as if the Agreement had been executed and delivered by the parties prior to the commencement of Northwest's chapter 11 case on September 14, 2005.
11. **Modified Terms and Conditions of Employment.** The Terms and Conditions of Employment that were implemented effective August 20, 2005, will be modified as follows:
- a. Amend Article 7(A) to provide for overtime rate of time and one-half for all work performed in excess of eight hours in any one workday. (Exhibit A).
 - b. Amend Article 13(B)9. to provide for one shop committee at MSP and DTW and delete Article 13(B)10. (Exhibit B)
 - c. Amend Article 13(D)12., to provide that Area Representatives at a point with 50 or more employees and Shop Committee members in MSP and DTW will not

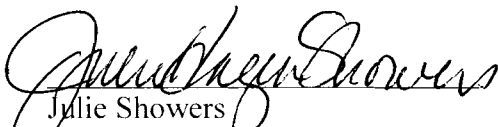
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- suffer loss of pay, i.e., no reduction in normal scheduled hours or pay, while investigating or handling complaints and grievances. (Exhibit C).
- d. Amend Article 17(N)1. and 2. to provide that an employee may take a maximum of ten (10) day-at-a-time vacation days per year. (Exhibit D).
 - e. Amend Article 18(D) to provide that sick leave accruals will be deducted in an hourly basis from the employee's accrual bank and paid at 75% of the employee's normal hourly pay rate for each of the first seven (7) continuous and consecutive work days of illness or injury. The eighth additional and all subsequent continuous and consecutive work days of illness or injury will be paid at 100%. (Exhibit E).
 - f. Amend Article 31 for provide for a contract amendable date of December 31, 2011. (Exhibit F).
 - g. Subject to acceptance of this Settlement and ratification and execution of the Agreement, amend Schedule A Rates of Pay to provide for out-year across-the-board base pay rate increases effective as follows: 1.5% increase January 1, 2007; 1.5% increase January 1, 2008; 1.5% increase January 1, 2009; 1.5% increase January 1, 2010, and 1.5% increase January 1, 2011.
 - h. Amend Appendix to provide for Paid Union Leave Program. *status quo anti*. (Exhibit G).
12. **Savings Clause.** Should a court invalidate, either in whole or in part, any term or provision of this Settlement, such invalidation shall not impair or affect the validity or enforceability of the remaining terms or provisions of this Settlement, and this Settlement shall be construed and enforced as if the invalidated term or provision had not been contained in this Settlement. In the event of any such invalidation, either party may, upon thirty (30) days notice, request negotiations for modification or amendment of this Settlement with regard to only the terms or provisions affected by the invalidation.

Signed on this 9th day of October, 2006.

For the Company:

For the AMFA:


Julie Showers
Vice President – Labor Relations



Jeff Mathews
AMFA National ACAC at NWA

EXHIBIT A

(A) Overtime rate of time and one-half computed on an actual minute basis and adjusted to the nearest tenth of an hour shall be paid for all work performed in excess of ~~forty (40) hours in a workweek except where otherwise required by state law~~ **eight hours in any one workday**. The above does not apply when an employee bidding voluntarily changes shifts or days off, or is exercising his seniority after layoff or displacement, or is working a shift trade or day trade.

EXHIBIT B

9. "Local Shop Committee" means, at ~~the points other than~~ **MSP and DTW**, a body composed of not more than three employees duly selected in accordance with AMFA procedures and vested by the Association with the powers to represent and to act on behalf of all employees at the point.

10. ~~"Local Shop Committee" means, at MSP, any one of three bodies composed of not more than three employees, each duly selected in accordance with official AMFA procedures and vested by the Association with the powers to represent and to act on behalf of all employees within its jurisdiction at MSP.~~

EXHIBIT C

12. Every reasonable effort will be made to assign members of the local shop committee(s) and the President, Vice President, Secretary, Treasurer, Safety and Standards Chairman, Airline Representative, and Area Representative of the Association, if their seniority is sufficient to permit their continued employment at their point, to the day shift with Saturday and Sunday as regular days off. If the aforementioned Association Officials choose to remain on a shift other than day shift, a reasonable effort will be made to assign them Saturday and Sunday as regular days off. Upon completion of his assignment as such an Association representative, he will be returned to his last assigned job or if it does not exist he will be permitted to exercise seniority in accordance with the provisions of Article 11. Employees who may be laid off as a result of assignment of such Association representatives will not be entitled to any advance notice of layoff or severance pay but will be permitted to exercise seniority in accordance with the provisions of Article 11.

13. Insofar as possible all grievance hearings will be conducted during regular day shift working hours. ~~Shop Representatives, Area Representatives~~ **at points other than MSP and DTW where the Company assigns 50 or more employees covered by this Agreement** and Shop Committee members will ~~be placed upon unpaid union leave~~ **not suffer loss of pay** while investigating or handling complaints and grievances or attending Company investigations ~~during scheduled work shifts, and the Association will reimburse the Company for any necessary replacement costs.~~ Association Representatives will be free to perform their duties in a responsible manner without Company interference. Before performing Association business, Shop Representatives will discuss the needs of the service with their manager or designee. In the event it is necessary for a Shop Representative(s) to go to another shop or location, such Shop Representatives will report to the supervisor of the other shop or location. Necessary witnesses will not suffer loss of pay while attending grievance hearings or investigations. Association officials will take affirmative action to ensure that Association representatives will perform their Association duties in a time efficient manner.

EXHIBIT D

1. Vacation assignments will normally be made on the basis of weekly periods. However, an employee may take up to ~~five (5)~~ **ten (10)** days of his vacation on a day-at-a-time (DAT) basis.
2. An employee who desires to take DAT vacation must notify his manager, or his designee, in writing by November 20 of the number of DAT days he desires to take (maximum of ~~5~~ **10** days). An employee who does not so notify his manager, or his designee, will be deemed to have elected ~~not~~ to take **ten (10) days of** DAT vacation.

EXHIBIT E

- (D) ~~The pay for sick leave and occupational injury leave shall commence on the third consecutive workday of an absence and shall be paid at seventy (70) percent of the base wage rates excluding premiums.~~ **Sick leave and occupational injury leave accruals will be deducted on an hourly basis from the employee's accrual bank and paid at 75% of the employee's normal hourly pay rate for each of the first seven (7) continuous and consecutive work days of illness or injury. The eighth additional and all subsequent continuous and consecutive work days of illness or injury will be paid at 100%.**

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EXHIBIT F

This Agreement constitutes full and complete settlement between the parties on rates of pay, rules and working conditions for the period **May 12, 2005, through December 31, 2011**. Except as otherwise specifically stated herein, this Agreement shall become effective on **November [DOS], 2006**, shall continue in full force and effect through **December 31, 2011**, and shall renew itself without change through each succeeding **December 31**, thereafter, unless written notice of intended change is served in accordance with Section 6, Title I, of the Railway Labor Act, as amended by either party hereto at least **one hundred eighty (180)** calendar days but not more than **two hundred ten (210)** calendar days prior to **December 31, 2011**, or **December 31**, in any year thereafter.

EXHIBIT G

**LETTER OF AGREEMENT between
NORTHWEST AIRLINES, INC. and
THE TECHNICIANS AND RELATED EMPLOYEES
in the service of
NORTHWEST AIRLINES, INC.
as represented by
THE AIRCRAFT MECHANICS FRATERNAL ASSOCIATION**

THIS LETTER OF AGREEMENT is made and entered into in accordance with the provisions of Title II of the Railway Labor Act, as amended, by and between Northwest Airlines, Inc. (the "Company") and the Technicians and related employees in the service of the Company (the "employees") as represented by the Aircraft Mechanics Fraternal Association.

Paid Union Leave Program (PULP)

The Aircraft Mechanics Fraternal Association's contract negotiation committee members, and duly authorized Association representatives, who are absent from work to perform approved Association business duties can have their regular straight-time pay and benefits continued as if they had remained on active payroll. The AMFA will reimburse the Company for the full amount of such pay continuance (including base wages and all premiums) plus an appropriate percentage override for benefit related expenses. Such expenses would include, for example, the cost of accrued vacation, sick leave, occupational injury leave, reserve sick leave, FICA (social security and medicare), FUTA (federal unemployment insurance), SUI (state unemployment insurance), pension benefit accruals, Company-paid insurance, LTD benefits, etc.

1. Employees covered by PULP will submit their requests for PULP on an AMFA Local PULP form which contains the signature of the Local President or his designee.
2. The Company will process the time records of the employees covered by PULP so as to treat them as if they had been on active payroll on the scheduled work days they were actually absent for the purpose of performing authorized Association business. Regularly scheduled and authorized payroll deductions will continue to be taken from each paycheck.
3. This payment for Association leave procedure will become effective immediately.
4. The Company will send monthly an itemized bill to AMFA Administration (67 Water Street, Suite 208A, Laconia, New Hampshire 03246) setting forth the computation and amount of the reimbursement due the Company from the Association for each employee covered by PULP. The billing will be for the

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full amount of the wages continued for each employee plus a 28-percentage override for benefit related expenses. It is expected that the Association will make reimbursement in full and return its payment to the Company not later than 30 days after receipt of the Company's billing.

It is understood that this Letter of Agreement may be canceled by the Company upon 30 days advance written notice upon failure of AMFA to make timely reimbursement under this agreement.

AGREED to this ___ day of November, 2006.

For the **COMPANY**:

For the **AIRCRAFT MECHANICS
FRATERNAL ASSOCIATION**:

By: _____
Julie Showers
Vice President Labor Relations Ground

By: _____
O.V. Delle-Femine
National Director

PULP NOTIFICATION FORM PRINTED ON LOCAL LETTERHEAD

Date:

Director/Manager (authorized Company Contact):

Station:

Fax #:

Tel #:

Please be advised that the following employee(s) have been authorized to be released from their normally scheduled shift(s):

<u>Name</u>	<u>Employee Number</u>	<u>Date/Time</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Please copy the immediate manager as well as the time keeping clerk so they can code the time on union business as CPU-NEG. Please contact me at _____ with any questions you may have.

Sincerely,

Name. (authorized Local representative)

Local #

cc: Andy Roberts, Executive VP Operations
Julie Showers, VP Labor Relations
Payroll
Local # file
AMFA National