

## Customer Q&A

- A. The Chapter 11 Process
- B. Operations
- C. Customers
- D. NWA WorldVacations and Worry-Free Vacations

### A. The Chapter 11 Process

#### **A1. Why did Northwest file for Chapter 11?**

As we have stated publicly on numerous occasions, the airline industry's operating environment has changed permanently. Despite our efforts to reduce costs, our losses averaged \$4 million per day through the first half of 2005. Northwest can no longer sustain these losses and must restructure to compete effectively and become profitable.

#### **A2. What is Chapter 11?**

Chapter 11 refers to the section of the United States Bankruptcy Code that provides for court-supervised restructuring of companies as they continue to operate in the normal course of business. Once a company files for Chapter 11 protection, it is referred to as a "*debtor in possession*" or simply a "*debtor*." During the Chapter 11 process, the debtor continues to conduct business. The debtor reorganizes its finances and operations in order to maximize the value of its assets for the benefit of its creditors (those to whom it owes money). Debtors in Chapter 11 can continue to do new business with suppliers, customers and employees as usual.

#### **A3. What does it mean to voluntarily file for Chapter 11?**

Usually, a Chapter 11 case commences when a company chooses to file a Chapter 11 petition with the U.S. Bankruptcy Court. This means that the company voluntarily seeks to restructure its debts and business operations under the Bankruptcy Code. (That is, it was not an action commenced involuntarily by a company's creditors). The period prior to commencement of the Chapter 11 case is referred to as the "*pre-petition*" period and the period following commencement of the case is referred to as the "*post-petition*" period.

#### **A4. Does the Chapter 11 filing mean that Northwest is going out of business?**

Absolutely not. The changes we make during this process are designed to enable Northwest to strengthen its operations and remain competitive for the long term.

#### **A5. Why are you filing now – with the laws changing in just a matter of weeks, would you have been able to file after that date? What would the impact have been if you had waited until after the law has changed? Could you have survived restructuring then?**

The timing of the filing was dictated by the current environment, not the impending changes in the Bankruptcy Code that will become effective on October 17, 2005.

**A6. How does bankruptcy really help you?**

The bankruptcy process will enable Northwest to reorganize so it can operate profitably in today's competitive environment. Bankruptcy will allow Northwest to lower its labor and non-labor costs. It will also allow Northwest to lower its debt and lease obligations. The primary objective is to transform Northwest into a modern-era carrier that can compete with low cost carriers in the industry and continue to provide the highest quality of service to its customers.

**A7. Why couldn't Northwest avoid bankruptcy?**

We developed a solid plan to restructure Northwest outside of Chapter 11 and have been implementing that plan. Unfortunately, skyrocketing fuel costs, among other factors, forced us to seek Chapter 11 bankruptcy protection.

**A8. Besides fuel costs, what about the high cost of preparing for the mechanics strike – didn't that also contribute to Northwest's inability to turn the company around?**

No. It was necessary for Northwest to develop a comprehensive contingency plan. Northwest prepared the contingency plan so we could continue to fly our schedule and to provide the best service to our customers in the event of a work stoppage. As a result of our planning efforts, the contingency operating plans are working well and we have experienced no adverse impact on our operational performance as a result of the work stoppage. The expense of our contingency plan is minimal compared to the possible loss in revenue that would have resulted from a failure to plan and execute the plan.

**A9. Does Northwest have a specific plan to improve profitability?**

Yes. Restructuring is about building an airline that can remain competitive in this fast-changing business. Northwest's plan for a successful reorganization focuses on achieving a more competitive cost structure and adapting to the new airline industry's marketplace realities.

**A10. Will Northwest be sold or seek to sell off portions of its assets?**

At this time there are no plans to sell Northwest or any material assets.

**A11. What are the hurdles you have to handle in reorganization?**

There are many steps to a reorganization process. Fortunately, Northwest already has developed a plan to restructure outside of Chapter 11 and has implemented significant elements of that plan. We therefore are confident that we will overcome hurdles we may face during reorganization. As the company has stated previously, it must realize significant cost savings to achieve its goals, including reductions in labor and pension costs and debt and lease obligations. Northwest is confident the Chapter 11 process will provide a platform from which to effect these important changes and emerge a stronger, profitable company.

**A12. How does a debtor exit Chapter 11?**

A debtor exits Chapter 11 when the U.S. Bankruptcy Court has approved a "**plan of reorganization**" and the elements outlined by that plan are substantially completed. Typically, the company develops the plan in consultation with its major creditor groups.

**A13. When will Northwest's reorganization be complete?**

It is too soon to speculate when Northwest will emerge from Chapter 11. Our goal is to complete the reorganization as expeditiously as possible. We will take into account the needs of Northwest as well as industry trends and external factors affecting the airline industry. Management is committed to working as quickly and efficiently as possible to restructure the company and create a financially stronger organization going forward.

**A14. Does Northwest think it will eventually have to go through this yet again if on the other side of restructuring it still has the same problems with cost structures – with fuel prices, with labor cost and more?**

Northwest is confident that the Chapter 11 process will enable it to transform itself into a competitive new-era carrier. A successful financial restructuring will position the company to withstand unexpected cost pressures should they arise in the future. Northwest is not seeking short-term, temporary solutions to its financial problems and intends to find permanent resolutions to obviate the need for another restructuring.

**A15. Your bankruptcy filing indicates that you have increased your target labor cost savings number to approximately \$1.4 billion and you are apparently talking to the pilots, IAM and other unions about their respective new targets. Why didn't you give them any time to determine whether they could deliver those targets?**

Skyrocketing fuel costs and external events made bankruptcy unavoidable. In bankruptcy we will still seek consensual agreements with our labor unions for labor cost savings.

**A16. Do you expect that you will survive intact? What if your creditors think it is better to close down operations and sell off the franchise to get a better return for themselves? Is that a possibility? Why or why not?**

Northwest fully expects that the Chapter 11 process will allow it to transform itself into a competitive new-era carrier. Northwest intends to work together with its creditors to formulate a reorganization plan. Northwest is confident that its unique assets and synergies will enable it to continue its operations successfully, which also will be in the best interests of its creditors. A strong future for Northwest is also in the best interests of its creditors, which is why Northwest expects that they will work together with the company in its transformation.

**A17. What have you told your creditors? What is their response?**

In advance of its Chapter 11 filing, Northwest has been very candid in its public statements and its regulatory filings about its financial condition. Now that the Chapter 11 proceeding has been commenced, the bankruptcy laws provide specific requirements for providing notice to known creditors. Northwest will continue to satisfy all such rules. In addition, all of the documents Northwest files with the Bankruptcy Court are available to creditors through the Bankruptcy Court's official website, [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov).

**A18. Where is Northwest's Chapter 11 case being heard?**

Northwest's Chapter 11 case was filed on September 14, 2005, in the U.S. Bankruptcy Court for the Southern District of New York.

**A19. Where can additional information regarding Northwest’s restructuring be found?**

A special Web site – [www.nwa-restructuring.com](http://www.nwa-restructuring.com) – has been established to provide information related to Northwest’s restructuring efforts. Additional information is available on PACER, the Bankruptcy Court’s electronic docket system, at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov). Information will also be available on nwa.com.

**A20. Some experts have suggested that of the six legacy carriers, only three or four are really needed or can survive. So why are you so sure that you will survive?**

Northwest will not only survive but also thrive for the long-term. Once Northwest achieves a competitive cost structure, it will be able to compete effectively against other airlines based on its many strengths, including its highly skilled, dedicated employees, strong hub and spoke network, domestic and international alliances, world-class airport facilities, valuable cargo business, strong presence in U.S. Heartland markets, and extensive trans-Pacific and trans-Atlantic international routes. Once Northwest’s reorganization has been completed and a competitive cost structure is in place, it will emerge as a strong competitor with a solid, profitable future.

**A21. Why did NWA chairman, Gary Wilson, sell stock over the last few months? Did he know a bankruptcy was imminent?**

It was a personal decision made by Mr. Wilson. The sales were made pursuant to a plan that establishes a threshold which automatically sells stock at a predetermined time and price.

**A22. What will happen to NWA stock? Will it still be traded on open market? What happens to stock I own?**

A company’s securities may continue to trade even after it has filed for bankruptcy under Chapter 11. However, federal bankruptcy laws govern the priority by which distributions are made to creditors and holders of equity. Under the relevant bankruptcy laws, stockholders may not receive any distributions until all creditors (including banks, suppliers, and bondholders) and senior equity security holders, if any, have been paid in full.

**A23. How does bankruptcy affect our commitments to the State of Minnesota? Do we have to maintain a minimum number of employees in Duluth?**

The law treats the commitments to the State of Minnesota equal to all other debt commitments the company has entered into. Northwest is currently engaged in an analysis of its debt, lease and other obligations. It is not appropriate for us to provide additional comment at this time.

**A24: How does bankruptcy affect our commitments to financing counterparties?**

The law treats them equal to all other debt commitments the company has entered into. Northwest is currently engaged in an analysis of its debt, lease and other obligations. It is not appropriate for us to provide additional comment at this time.

## **B. Operations**

### **B1. Is Northwest going out of business?**

Absolutely not. On the contrary, the changes we make during the bankruptcy process should enable Northwest to strengthen its operations and remain competitive for the long term.

### **B2. How will Chapter 11 affect operations?**

The Chapter 11 filing will not impact Northwest's day-to-day business or operations. We will continue to operate a safe, reliable, on-time airline that meets the travel needs of its customers.

### **B3. Is Northwest going to keep flying? Won't bankruptcy affect your ability to keep flying?**

We will operate as usual throughout this process. Northwest has over one billion in cash and investments available for its use which will allow the airline to continue its normal operation. We are committed to serving customers and will fly as regularly scheduled. All bookings and tickets will be honored and our ticketing policies remain unchanged. Our existing marketing partnerships and alliances with other airlines remain in place and customers can continue to book flights, travel and accrue and redeem WorldPerks miles with confidence.

### **B4. What did you tell your employees? What did your employees tell you?**

As always, we communicated regularly and openly with our employees. We told them that this was a very difficult decision. Northwest had been very candid with its employees in advance of the Chapter 11 filing, through *Passages*, the employee newsletter, and through other media about the company's high debt levels, labor and pension costs that impede its ability to compete, and about the need to significantly lower our operating costs. Now that Northwest has chosen this course, it understands the need and benefits of continuing its dialog with employees.

### **B5. You are able to keep flying despite the strike by mechanics – is bankruptcy also something that you can weather and keep flying?**

There will be no difference in customers' experience with Northwest during bankruptcy – from ticketing and check-in to boarding and baggage claim. We will operate as usual throughout this process. We are committed to serving our customers and flying our published schedule.

### **B6. What additional schedule pull-downs can we expect other than the JFK-NRT route?**

Schedule changes are made based on many factors such as customer demand, seasonality, availability of aircraft, etc. We will continue to evaluate our route network to determine the most profitable fleet plan and schedule plan that will best serve our customers. We will announce any domestic or international schedule changes as decisions are made.

### **B7. Does bankruptcy affect the aircraft Northwest has on order?**

Yes. We will continue to work closely with the manufacturers and lenders to determine our future fleet deliveries.

**B8. Will NWA Airlink partners Mesaba and Pinnacle pick up more of Northwest's domestic flying?**

We will continue to utilize our NWA Airlink partners as we have in the past, principally to provide service to markets that are not large enough to support mainline jet aircraft and to allow us to provide additional service to key markets.

**B9. Will Cargo or MLT be impacted operationally by the bankruptcy?**

No. They will continue to operate normally just like our mainline operations.

## **C. Customers**

### **C1. What is Northwest telling customers?**

We will inform our customers that there will be no difference in their experience with Northwest – from booking and ticketing, to check-in and boarding, to arrival and luggage claim. We will operate as usual throughout this process. We are committed to serving our customers and flying our published schedule.

All bookings and tickets will be honored and our ticketing policies remain unchanged. Our existing marketing partnerships and alliances with other airlines remain in place and customers can continue to book flights, travel and accrue and redeem miles in the WorldPerks program as usual.

Northwest has great strengths that will allow it to compete effectively once its costs are restructured. These strengths include our highly skilled, hard-working employees, strong hubs, world-class facilities, an expansive route network, domestic and international alliances, and our cargo business.

We look forward to continuing to earn our customers' business by providing the outstanding service they deserve.

### **C2. Will the filing affect my tickets for future Northwest flights?**

Customers will notice no changes to flight operations or customer service programs as a result of the filing. All bookings will be honored and our policies remain unchanged. Our existing marketing partnerships and alliances with other airlines remain in place. If there are any changes to schedules or policies in the normal course of business, they will be announced well in advance.

### **C3. Can I still receive a refund for unused refundable tickets?**

Absolutely. There have been no changes to our ticketing policies.

### **C4. Will ticket prices change because of the filing?**

No. The filing will have no impact on ticket prices. Prices are set according to the market and competitive factors.

### **C5. What will happen to the WorldPerks program? Are my miles protected?**

Northwest's Chapter 11 filing will not affect the WorldPerks program. All of both our air and non-air partner activities will continue as normal. Customers may continue to book flights, travel and earn and redeem miles under WorldPerks with confidence.

### **C6. Will this impact code-sharing agreements with other airlines?**

Our marketing partnerships, including our membership in SkyTeam, remain in place with other carriers. The filing will have no impact upon the pending application for antitrust immunity with SkyTeam carriers which will allow us to participate in SkyTeam on a fully integrated basis as we do with KLM today.

### **C7. Will this affect Northwest's trans-Atlantic joint venture with KLM?**

No, Northwest's successful joint venture with KLM will continue.

**C8. Will my Northwest bank credit card continued to be honored?**

Yes. Transactions with a Northwest branded credit card will continue to be honored, and miles will be accrued per the terms of the cardholder agreement. All non-air mileage accrual partnerships remain unchanged including rental car, hotel, etc.

**C9. Will corporate or agency agreements be impacted by the filing?**

No. The filing will have no impact on the terms and conditions of Northwest corporate and agency agreements.

**C10. Have you seen or do you expect to see bookings and reservations deteriorate?**

Northwest has not seen an impact on bookings and reservations. Airline bankruptcies have become fairly commonplace and customers have come to understand that business will be conducted as usual throughout bankruptcy. Northwest has many loyal customers and we fully anticipate that they will continue to book with us with confidence.

**C11. What does this mean for the hub cities of Minneapolis, Detroit and Memphis?**

There should be no difference to our customers' experience in our hub cities. We will operate as usual throughout this process. We are committed to serving our customers and flying all scheduled flights. All bookings and tickets will be honored, and our ticketing policies remain unchanged. Our existing marketing partnerships and alliances with other airlines remain in place, and customers should continue to book flights, travel and accrue and redeem miles under WorldPerks with confidence.

**C12. How will I know if the flight I'm ticketed on will still be operating?**

If there are schedule changes, passengers can rely on our standard notification and reaccommodation process. As always, passengers can check flight status at [www.nwa.com](http://www.nwa.com), or by calling the NWA flight information line at 1-800-441-1818.

**C13. Will any airport services, like baggage claim, curbside check-in or ticketing, be affected?**

No. Northwest will continue to provide airport services as usual.

**C14. Does Northwest anticipate reductions in flight schedules or service cuts to some communities?**

We will operate as usual throughout bankruptcy. Normal operation includes schedule changes to best meet the travel needs of our customers. Although it cannot be determined at this time, we expect that there will be some changes in flight schedules over time as Northwest determines what routes will best serve customers' needs. Any such changes will be part of a regular schedule adjustment and clearly communicated.

**C15. Will Northwest shift more flights to its Northwest Airlink partners?**

As we move to implement our restructuring plan, there may be some changes that could affect certain routes. We will make public announcements about any such decisions.

**C16. Will Northwest's international flights be impacted?**

We expect minimal changes to our international operations as a result of filing for Chapter 11.

**C17. How will this impact Mesaba and Pinnacle, Northwest's Airlink partners?**

We do not expect this to operationally impact Mesaba and Pinnacle.

**C18. Could the bankruptcy have filing been avoided by taking further fare increases?**

Since almost all passengers have an alternative to Northwest and price is a key consideration in their purchase decision, it is imperative that Northwest remain price competitive. Competitive airfares are determined by industry capacity, consumer demand, and competition. The pricing environment has been extremely difficult because: (1) domestic capacity supply exceeds consumer demand and (2) rapidly expanding low cost competitors continue to be price leaders as long as they have a cost advantage over legacy carriers and they will continue to use low fares to expand their market share. Where Northwest has superior competitive service, prudent price premiums are applied.

**C19. Is it true that Northwest has been reluctant to take fare increases?**

Northwest is an aggressive industry leader in increasing fare levels. Year to date, legacy carriers have successfully increased domestic airfares 13 times and NW alone has initiated 7 of those increases. There has been confusion associated with Northwest's refusal to increase certain fare types that impact a small percentage of our customers. Those fare types fall into 2 categories: (1) full coach unrestricted fares that in many cases have exceeded \$2,000 roundtrip, and (2), restricted fares that have clearly exceed what leisure customers are willing to pay. For example, on one price increase, a competitors' lowest leisure price between Charlotte and San Diego was established at \$718 roundtrip. In these cases, NW's internal information confirmed that very few people are willing to pay for travel at the suggested competitive fare. As such, a match of these fare types would have produced lower revenue to Northwest.

## **D. NWA WorldVacations and Worry-Free Vacations**

### **D1. Does the Chapter 11 filing affect NWA Worry-Free Vacations?**

NWA Worry-Free Vacations are a brand offered by MLT Vacations, a wholly-owned subsidiary of Northwest. As a subsidiary of Northwest, MLT Inc. and Worry-Free Vacations are a part of the Chapter 11 reorganization plan. While Northwest pursues a corporate restructuring, there are no plans to make any changes to the Worry-Free Vacations product or services.

### **D2. Will my existing reservation with Worry-Free Vacations or NWA WorldVacations be affected?**

No. All existing reservations will be fully satisfied. You can reconfirm, if you desire, via your travel agent or by calling Worry-Free Vacations at 800-328-0025 or NWA WorldVacations at 800-328-0025

### **D3. Can I book my winter or spring vacation now?**

Absolutely! NWA WorldVacations and Worry-Free Vacations will continue to operate as always by offering great vacations at affordable prices. To book a new reservation, call your travel agent, visit our website at [worryfreevacations.com](http://worryfreevacations.com) and [NWAWorldVacations.com](http://NWAWorldVacations.com) or call us at 800-328-0025, or 800-727-1111.

### **D4. Is my deposit and price quote on my existing reservation still in effect?**

Yes. There have been no changes to any existing reservations. All price quotes, deposits, and balances are unchanged. If you purchased our Travel Protection Plan, you may cancel your vacation, for any reason, up to 48 hours before departure. If you purchased travel insurance from any other supplier, you should check with that company.

### **D5. How does the Chapter 11 filing by Northwest Airlines Affect MLT?**

As a subsidiary of Northwest Airlines, MLT is part of the Chapter 11 filing. MLT is in close coordination with Northwest and will be subject to rules and guidelines imposed by the bankruptcy court.

### **D6. Could MLT be sold off or liquidated as part of bankruptcy?**

There are no plans to sell or liquidate MLT. The support from travel agents has been very strong for our products and services and the performance of MLT has been close to its original business plan, with the exception of high fuel costs.

### **D7. How will MLT communicate with travel agents regarding the bankruptcy?**

We will update WorldAgent direct as needed. In addition, you can monitor the official Northwest airlines website at [www.nwa-restructuring.com](http://www.nwa-restructuring.com) for other information.

### **D8: Will Worry-Free Vacations reduce availability and lift?**

We have no plans to adjust our Worry-Free lift as a result of this filing. Our 2006 charter schedule has been filed and is open for sale.

### **F9. Will MLT reduce room blocks with hotel and resort suppliers?**

We have no plans to adjust our hotel offerings.

**D10. Is MLT able to pay their hoteliers? Can I be assured that my clients will have a firm reservation when they arrive at the hotel?**

Yes. We are working closely with our hotel partners and can assure you that all of our past and future bookings have been reconfirmed. Your customers will not experience anything out of the ordinary on their vacation.

**D11. What should I be telling my clients who are questioning whether they should book with MLT Vacations?**

Tell them to book with confidence. We are conducting business as usual.

**D12. What will happen to future WorldVacations bookings that are under deposit & also bookings paid in full?**

Your clients will experience the vacation that they have booked, with no interruption.

**D13. My clients want a full refund; they don't feel comfortable traveling on Northwest in 2 months. Can they be refunded?**

They can cancel per our normal cancellation rules. And if they purchased our Travel Protection Program, they can cancel for any reason up to 48 hours prior to departure.

**D14. My clients have the Travel Protection plan through you; can they cancel and get their money back?**

The insurance we offer, the Travel Protection Plan, will not refund your money specifically because of a Chapter 11 filing, but as the policy states, you can still cancel your vacation, for any reason, up to 48 hours before departure.

**D15. If a Northwest flight cancels or Northwest suspends service on the days my clients are booked to travel, will they be protected on another carrier? What will our options be?**

If there are any unplanned flight disruptions, Northwest and MLT will implement standard reaccommodation plans for any effected customers.

**D16. Will there be any changes to our payment policy, courtesy holds, deposit requirements, group requirements, etc?**

No, all of our policies remain the same.

**D17. Will commissions be paid on past & future bookings?**

All of our commission programs remain in effect and are unchanged.

**D18. Will MLT University happen?**

Yes. We have over 1600 travel agents and over 200 trade show participants registered.

**D19. Will we honor travel dollars and free NW seats if the bookings have not yet been made?**

Yes.

**D20. Will you continue to offer WorldPerks bonus miles?**

Yes.

**D21. Will MLT's relationship with its suppliers (Champion, hotels, Alamo, etc.) change?**

We do not plan any changes to our products or partners.

**D22. Will invoices be paid by for all future customer bookings?**

Yes. We have received approval from the bankruptcy court to continue our normal course of business and account payable process with all of our hotel, destination, and ground services partners. We will be processing all invoices as they are received.

**D23. Will any customers lose their money as a result of this filing?**

Absolutely not. There is no impact to any customer deposits, credit vouchers, coupons, trip certificates or other MLT collateral held by our customers.