

(4) violations that will allow companies to gain an economic advantage over competitors by delaying their investment in compliance.

5. The parties, desiring to settle and resolve this matter, in consideration of the mutual covenants and agreements contained herein, which consideration is acknowledged by the parties to be adequate, agree as set forth herein.

Terms of Agreement

6. The parties agree that the settlement of this matter is in the public interest and that this Settlement Agreement is the most appropriate means of resolving the matter.

7. The parties stipulate and agree to the following matters. It is further agreed that these stipulations are made only for the purpose of entering into this Agreement and for any enforcement or penalty proceeding arising out of this Agreement or the subject matter of this Agreement and that Respondent is not making any other admission of fact, responsibility, or liability by this Agreement with respect to the following matters:

a. During September 2000 to March 2001, Respondent conducted a self-audit of all its domestic airport facilities and reported to EPA that it potentially had violated the federal diesel fuels regulations at 40 C.F.R. § 80.29. In summary, Respondent reported using, at five airports, jet fuel A to fuel twenty-four vehicles that were potentially motor vehicles. Jet fuel A, a fuel primarily intended for use in jet aircraft, has a sulfur content greater than 0.05 weight percent. As a result, use of jet fuel A to fuel motor vehicles constitutes a violation of section 211(g) of the Act and 40 C.F.R. § 80.29.

b. Respondent took prompt action to remedy the violations and prevent future violations. Respondent changed its practices for fueling its motor vehicles to ensure that proper diesel fuel is used. Respondent certifies that it is now in full compliance with the diesel fuel provision of section 211(g) of the Act and 40 C.F.R. § 80.29.

c. Jurisdiction to settle this matter exists pursuant to section 211 of the Act, 42 U.S.C. § 7545, 40 C.F.R. Part 80, and other provisions of law.

8. EPA has determined to remit and mitigate the civil penalty to \$48,000 subject to successful completion of the terms of this Agreement.

a. Respondent agrees to pay \$48,000 to the United States of America within thirty days from the date that this Agreement is executed by EPA ("the due date"). Late payment of the civil penalty is subject to interest and fees as specified in 31 U.S.C. § 3717.

b. Respondent agrees to pay the amount by certified check or cashier's check payable to the "United States of America," and to mail the payment to:

U.S. Environmental Protection Agency
Washington Accounting Operations
P.O. Box 360277M
Pittsburgh, Pennsylvania 15251
Attn: AED/MSEB - 6063

Respondent further agrees to mail a photocopy of the check to:

J. L. Adair, Attorney/Advisor
U.S. E.P.A., AED/MSEB (2242A)
1200 Pennsylvania Avenue
Ariel Rios Building Room 1117C
Washington, D.C. 20460
Attn: AED/MSEB - 6063

9. Stipulated Penalties.

a. Time is of the essence to this Agreement. Upon the failure to timely perform pursuant to Paragraph 8 of this Agreement, Respondent agrees to pay a stipulated penalty of \$96,000 in lieu of the original \$48,000 settlement amount. The parties further agree that upon such default or failure to comply, EPA may refer this matter to the United States Attorney General for collection pursuant to section 211(d) of the Act, 42 U.S.C. § 7545(d), commence an action to enforce this Agreement or to recover the civil penalty pursuant to section 211 of the Act; or pursue any other remedies available to it. Respondent specifically agrees that in the event of such default or failure to comply, EPA may proceed in an action based on the original claim of violation of section 211 of the Act, 42 U.S.C. § 7545, and Respondent expressly waives its right to assert that such action is barred by 28 U.S.C. § 2462, other statutes of limitation, or other provisions limiting actions as a result of passage of time.

10. This Agreement becomes effective upon the date accepted by EPA, at which time a copy will be immediately returned to Respondent's attorney:

James J. Dragna
355 South Grand Avenue, Suite 4400
Los Angeles, CA 90071-3106

11. Respondent hereby represents that the individual or individuals executing this Agreement on behalf of Respondent are authorized to do so and that such execution is intended and is sufficient to bind Respondent.

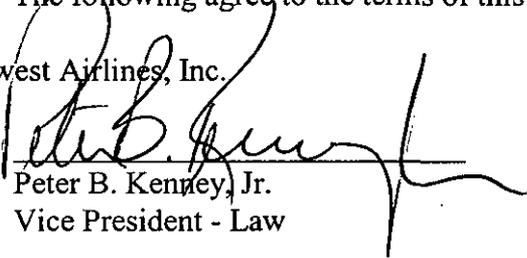
12. Respondent waives its rights, if any, to a hearing, trial or any other proceeding on any issue of fact or law relating to the matters consented to herein.

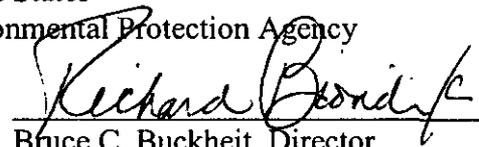
13. The terms of this Agreement are contractual and not a mere recital. If any provision or provisions of this Agreement are held to be invalid, illegal or unenforceable, the remaining provisions shall not in any way be affected or impaired thereby.

14. The validity, enforceability, and construction of all matters pertaining to this Agreement shall be determined in accordance with applicable federal law.

15. Upon completion of the terms of this Agreement, this matter shall be deemed terminated and resolved. Nothing herein shall limit the right of EPA to proceed against Respondent in the event of default or noncompliance with this Agreement; for violations of section 211 of the Act, 42 U.S.C. § 7545, which are not the subject matter of this Agreement; or for other violations of law; or with respect to other matters not within the scope of the Agreement. This Agreement in no way affects, or relieves Respondent of responsibility to comply with other state, federal or local law or regulations.

The following agree to the terms of this Agreement:

Northwest Airlines, Inc.
by:  Date: 3/1/02
Peter B. Kenney, Jr.
Vice President - Law

United States
Environmental Protection Agency
by:  Date: 3/11/02
Bruce C. Buckheit, Director
Air Enforcement Division
Office of Regulatory Enforcement
Office of Enforcement and Compliance Assurance