

Registration No. 333-[]

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM
S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CONTINENTAL AIRLINES, INC.
CONTINENTAL AIRLINES FINANCE TRUST II
(Exact name of Registrants as specified in their charters)

Delaware
(State or other jurisdiction of
incorporation or organization)

74-2099724
(I.R.S. Employer
Identification Number)

1600 Smith Street
Houston, Texas 77002
(713) 324-2950
(Address, including zip code, and telephone number, including area
code, of Registrant's principal executive offices)

Jeffery A. Smisek, Esq.
Executive Vice President, General Counsel and Secretary
Continental Airlines Inc.
Administrative Agent, Continental Airlines Finance Trust II
1600 Smith Street, Dept. HQSEO
Houston, Texas 77002
(713) 324-5000

(Name, address, including zip code, and telephone number, including
area code, of agent for service)

Copies to:
Michael L. Ryan, Esq.
Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006
(212) 225-2000

Approximate date of commencement of proposed sale to the public: As
soon as practicable after the effective date of this Registration Statement.

If the only securities being registered on this form are being offered
pursuant to dividend or interest reinvestment plans, please check the following
box.

If any of the securities being registered on this Form are to be
offered on a delayed or continuous basis pursuant to Rule 415 under the
Securities Act of 1933, other than securities offered only in connection with
dividend or interest reinvestment plans, please check the following box.

If this Form is filed to register additional securities for an offering
pursuant to Rule 462(b) under the Securities Act, please check the following box
and list the Securities Act registration statement number of the earlier
effective registration statement for the same offering: _____

If this Form is a post-effective amendment filed pursuant to Rule
462(c) under the Securities Act, check the following box and list the Securities
Act registration statement number of the earlier effective registration
statement for the same offering: _____

If delivery of the prospectus is expected to be made pursuant to Rule
434, please check the following box:

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Security(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
6% Convertible Preferred Securities, Term Income Deferrable Equity Securities (TIDESM)(2) of Continental Airlines Finance Trust II.....	5,000,000	\$50	\$250,000,000	\$62,500
6% Convertible Junior Subordinated Debentures due 2030 of Continental Airlines, Inc...	(3)	(3)	(3)	(3)
Preferred Securities Guarantee of the TIDES by Continental Airlines, Inc.....	(4)	(4)	(4)	(4)
Class B Common Stock of Continental Airlines, Inc.....	4,166,667 (5)	(5)	(5)	(5)
Total.....	N/A	N/A	\$250,000,000	\$62,500

(1) Estimated solely for the purpose of computing the registration fee in
accordance with Rule 457(o) under the Securities Act of 1933, as amended.

- (2) Exclusive of accrued interest and distributions, if any.
- (3) \$257,732,000 in aggregate principal amount of 6% Convertible Junior Subordinated Debentures due 2030 (the "debentures") of Continental Airlines, Inc. (the "Company") were issued and sold to Continental Airlines Finance Trust II (the "Trust") in connection with the issuance by the Trust of 5,000,000 of its 6% Convertible Preferred Securities, Term Income Deferrable Equity Securities ("TIDES"). The debentures may be distributed, under certain circumstances, to the holders of the TIDES for no additional consideration.
- (4) Includes the rights of holders of the TIDES under the preferred securities guarantee agreement between the Company and Wilmington Trust Company, as guarantee trustee (the "guarantee"). No separate consideration will be received for the guarantee.
- (5) Such number of shares of common stock as are initially issuable upon conversion of the TIDES or the debentures registered hereunder for no additional consideration. This Registration Statement also covers such shares of common stock as may be issuable pursuant to anti-dilution adjustments.

 The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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 XXX
 X The Information in this preliminary prospectus is not complete and may be X
 X changed. These securities may not be sold until the registration statement X
 X filed with the Securities and Exchange Commission is effective. This X
 X preliminary prospectus is not an offer to sell nor does it seek an offer to X
 X buy these securities in any jurisdiction where the offer or sale is not X
 X permitted. X
 XXX

Subject to completion, dated February 7, 2001

Prospectus

5,000,000 TIDESSM

Continental Airlines Finance Trust II

6% Convertible Preferred Securities,
 Term Income Deferrable Equity Securities (TIDES)SM*
 (liquidation amount \$50 per each of the TIDES)
 guaranteed by, and convertible into Class B common stock of,

[LOGO OF CONTINENTAL AIRLINES, INC.]

Continental Airlines, Inc.

 The selling holders may offer, from time to time:

- o 6% Convertible Preferred Securities, Term Income Deferrable Equity Securities (TIDES)SM, or TIDES SM of Continental Airlines Finance Trust II
- o 6% Convertible Junior Subordinated Debentures due 2030 of Continental Airlines, Inc.
- o shares of Class B common stock of Continental Airlines, Inc.

Continental Airlines Finance Trust II is a Delaware business trust. The TIDES represent undivided beneficial ownership interests in the assets of Continental Airlines Finance Trust II.

The selling holders may sell these securities from time to time directly to purchasers or through agents, underwriters or dealers. If required, the names of any other selling holders, agents or underwriters involved in the sale of these securities and the applicable agent's commission, dealer's purchase price or underwriter's discount, if any, will be set forth in a supplement to this prospectus. This prospectus may not be used to offer and sell these securities unless accompanied by a prospectus supplement. We will not receive any proceeds from the sale of these securities.

*The terms Term Income Deferrable Equity Securities (TIDES)SM and TIDESSM are registered service marks of Credit Suisse First Boston Corporation.

 You should carefully consider matters discussed under the caption "Risk Factors" beginning on page 8.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed

upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is [], 2001.

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As used in this prospectus, (a) the "indenture" means the Indenture between Continental Airlines, Inc. and Wilmington Trust Company, as trustee (the "debenture trustee") relating to the debentures, (b) the "declaration of trust" means the Amended and Restated Declaration of Trust relating to the trust among Continental Airlines, Inc., as trust sponsor (the "sponsor"), Wilmington Trust Company, as property trustee, Wilmington Trust Company, as Delaware trustee, the individuals named as administrative trustees therein (the "administrative trustees" and collectively with the property trustee and the Delaware trustee, the "trustees") and the holders from time to time of undivided beneficial interests in the assets of the trust, (c) the "guarantee" means the Preferred Securities Guarantee Agreement between Continental Airlines, Inc. and Wilmington Trust Company, as guarantee trustee, (d) the "common securities" means the common securities issued by the trust, (e) the "trust securities" means the TIDES and the common securities, (f) unless the context requires otherwise, the "common stock" means the Class B common stock of Continental Airlines, Inc., par value \$.01 per share, (g) the "debentures" means the 6% Convertible Junior Subordinated Debentures due 2030 issued by us, and (h) the "offered securities" means the TIDES and underlying common stock. Unless the context requires otherwise, "Continental," "we," "us," "our" and similar terms in this prospectus refer solely to Continental Airlines, Inc. and not the trust or any of our other consolidated subsidiaries.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC under the Securities Exchange Act. You may read and copy this information at the following locations of the SEC:

Judiciary Plaza 450 Fifth Street, N.W. Washington, D.C. 20549	Seven World Trade Center 13th Floor New York, New York 10048	Citicorp Center 500 West Madison Street Suite 1400 Chicago, Illinois 60661
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You may also obtain copies of this information by mail from the Public Reference Room of the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the Public Reference Room by calling the SEC at (800) SEC-0330.

The SEC also maintains an internet world wide web site that contains reports, proxy statements and other information about issuers, like us, who file reports electronically with the SEC. The address of that site is <http://www.sec.gov>.

You may also inspect reports, proxy statements and other information about us at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

The SEC allows us to incorporate by reference information into this prospectus. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus, except for any information that is superseded by subsequent incorporated documents or by information that is included directly in this prospectus.

This prospectus includes by reference the documents listed below that we previously have filed with the SEC and that are not delivered with this prospectus. They contain important information about our company and its financial condition.

Continental SEC Filings (File No. 0-9781) -----	Date Filed -----
Registration Statement on Form 8-A/A#3, which contains the description of our Class B common stock, and any amendment or report filed for the purpose of updating such description	February 6, 2001
Registration Statement on Form 8-A/A, which contains the description of the Series A Junior Participating Preferred Stock Purchase Rights associated with our Class B common stock, and any amendment or report filed for the purpose of updating such description	January 22, 2001
Annual Report on Form 10-K for the year ended December 31, 2000	February 6, 2001

We are also incorporating by reference all additional documents that we file with the SEC under Section 13(a) or 15(d) of the Securities Exchange Act after the date of this prospectus.

You may obtain any of these incorporated documents from us without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference in such document. You may obtain documents incorporated by reference in this prospectus by requesting them from us in writing or by telephone at the following address:

Continental Airlines, Inc.
1600 Smith Street, Dept. HQSEO
Houston, Texas 77002
Attention: Secretary (713) 324-2950

If you request any incorporated documents from us, we will mail them to you by first class mail, or another equally prompt means, within one business day after we receive your request.

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

This prospectus and the documents we incorporate by reference may contain statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act. Forward-looking statements include any statements that predict, forecast, indicate or imply future results, performance or achievements, and may contain the words "believe," "anticipate," "expect," "estimate," "project," "will be," "will continue," "will result," or words or phrases of similar meaning.

Any such forward-looking statements are not assurances of future performance and involve risks and uncertainties. Actual results may vary materially from anticipated results for a number of reasons, including those

stated in our SEC reports incorporated in this prospectus by reference under the caption "Risk Factors."

All forward-looking statements attributable to us are expressly qualified in their entirety by the cautionary statements above.

PROSPECTUS SUMMARY

The following summary information is qualified in its entirety by the information contained elsewhere in this prospectus.

CONTINENTAL AIRLINES, INC.

We are a major U.S. air carrier engaged in the business of transporting passengers, cargo and mail. We are the fifth largest U.S. airline, as measured by 2000 revenue passenger miles, and, together with our wholly owned subsidiaries, Continental Express, Inc. and Continental Micronesia, Inc., served 230 airports worldwide at January 19, 2001. As of January 19, 2001, we flew to 136 domestic and 94 international destinations and offered additional connecting service through alliances with domestic and foreign carriers. We directly served 16 European cities, seven South American cities, Tel Aviv and Tokyo and are one of the leading airlines providing service to Mexico and Central America, serving more destinations there than any other U.S. airline. Through our Guam hub, Continental Micronesia provides extensive service in the western Pacific, including service to more Japanese cities than any other U.S. carrier.

We operate our route system primarily through domestic hubs at Newark International Airport, George Bush Intercontinental Airport in Houston, Hopkins International Airport in Cleveland, and a Pacific hub on the island of Guam. We are the primary carrier at each of these hubs, accounting for 55%, 78%, 50% and 68% of average daily jet departures from these locations, respectively, as of January 19, 2001 (in each case excluding regional jets). Each of our domestic hubs is located in a large business and population center, contributing to a high volume of "origin and destination" traffic. The Guam hub is strategically located to provide service from Japanese and other Asian cities to popular resort destinations in the western Pacific.

We are a Delaware corporation, with executive offices located at 1600 Smith Street, Houston, Texas 77002. Our telephone number is (713) 324-2950.

NORTHWEST TRANSACTION

On November 15, 2000, we executed various agreements, which we refer to as the Northwest Agreements, with Northwest Airlines Corporation and certain of its affiliates (which we refer to collectively as Northwest) under which we, among other things, repurchased most of the Class A common stock owned by Northwest, reclassified all issued shares of Class A common stock into Class B common stock, and made other adjustments to our corporate and alliance relationship with Northwest. Our stockholders ratified this reclassification and the related charter amendments at a special stockholders meeting held on January 22, 2001. We refer to these events collectively as the Northwest Transaction. Under the Northwest Agreements, we and Northwest supported an adjournment of the Department of Justice, or DOJ, lawsuit pending closing of the transaction (which adjournment was granted by the U.S. District Court on November 6, 2000) and sought dismissal of the DOJ litigation, which dismissal was granted on January 22, 2001. The Northwest Agreements have, among other matters, effected the following as of January 22, 2001:

Repurchase and Recapitalization. We repurchased from Northwest 6,685,279 shares of Class A common stock for \$450 million in cash. We refer to this transaction as the repurchase. Immediately thereafter, the remaining 1,975,945 shares of Class A common stock held by Northwest (as well as all other issued shares of Class A common stock) were reclassified into Class B common stock at an exchange ratio of 1.32 shares of common stock per share of Class A common stock. We refer to this event as the recapitalization. The repurchase, the reclassification and the related termination of a limited proxy reduced Northwest's general voting power with respect to us from approximately 59.6% to approximately 7.2%.

Northwest Alliance. The existing alliance with Northwest Airlines, Inc. was amended to extend its term through 2025 and to add additional termination rights (principally related to changes of control of Northwest Airlines or us and certain redemptions of the preferred stock described below).

Preferred Stock. In connection with the amendment to the Northwest Alliance, we issued to Northwest Airlines one share of a new series of preferred stock, which we refer to as the Preferred Stock, for a nominal price. The Preferred Stock gives Northwest Airlines the right to block, during the term of the Northwest Alliance, or if earlier, until the Preferred Stock becomes redeemable, on:

- o certain business combinations and similar changes of control transactions involving us and a third party major air carrier,
- o certain amendments to our rights plan (or redemption of those rights),
- o any dividend or distribution of all or substantially all of our assets, and
- o certain reorganizations and restructuring transactions involving us.

The Preferred Stock is redeemable by us at a nominal price (and the blocking rights eliminated) if:

- o Northwest Airlines transfers or encumbers the Preferred Stock,

- o there is a change of control of Northwest involving a third party major air carrier,
- o the Northwest Alliance terminates or expires (other than as a result of a breach by us), or
- o Northwest materially breaches its standstill obligations to us or triggers our rights agreement (described below under "Description of Capital Stock").

Standstill Agreement. We entered into a customary standstill agreement with Northwest that contains standstill and conduct restrictions similar to those that were contained in the parties' corporate governance agreement (now terminated), except that all of our securities now owned by Northwest following the repurchase are to be voted neutrally on all matters other than a Continental change of control (in which case they may be voted at Northwest's discretion) and the percentage of our equity permitted to be owned by Northwest will be adjusted downward to reflect its holdings following the repurchase and recapitalization, and upward if the number of shares of our common stock outstanding decreases.

Rights Agreement. Our rights agreement was amended to take into account the effects of the recapitalization and the repurchase, and to eliminate Northwest as an "Exempt Person." See "Description of Capital Stock--Preferred Stock Purchase Rights--Exempt Person."

Charter Amendment. At the special meeting of our stockholders held on January 22, 2001, our charter was amended to:

- o reclassify the Class A common stock pursuant to the recapitalization,
- o eliminate references to Class A and Class D common stock,
- o eliminate the special rights of a Northwest affiliate that owned Class A common stock, and
- o provide that until the termination of the Preferred Stock blocking rights (or the earlier redemption of the Preferred Stock), we will maintain and renew our rights agreement and, without the approval of the holder of the Preferred Stock, will not amend the rights agreement or redeem the rights thereunder to permit any change of control of our company involving a third party major air carrier.

Governance Agreement and Supplemental Agreement. The corporate governance agreement and the related supplemental agreement with certain parties who are affiliates of Northwest were each terminated at the closing of the transactions described in this section.

We also entered into an agreement with 1992 Air, Inc. pursuant to which we purchased and terminated the "rights of offer and re-offer" covering the Class A common stock formerly owned by Northwest in exchange for a payment from us of \$10 million in cash.

In the Northwest Agreement, Northwest irrevocably waived the pre-emptive rights contained in its corporate governance agreement with us as they related to the original offering of the TIDES.

THE OFFERING

The TIDES were originally issued by the trust and sold by Credit Suisse First Boston Corporation and UBS Warburg LLC (the "initial purchasers") in a transaction exempt from the registration requirements of the Securities Act, to persons reasonably believed by such initial purchasers to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act). The trust used all of the proceeds from the issuance of the TIDES and the concurrent sale of its common securities to us to purchase debentures from us.

Issuer.....Continental Airlines Finance Trust
 II is a Delaware business trust and our subsidiary. Substantially all the assets of the trust consist of debentures issued by us. We own all of the outstanding common securities of the trust. The address of the trust's principal office is c/o Continental Airlines, Inc., 1600 Smith Street, Houston, Texas 77002, and its telephone number is (713) 324-2950.

Securities
 Registered.....5,000,000 TIDES, \$257,732,000 in aggregate principal amount of the 6% Convertible Junior Subordinated Debentures, due November 15, 2030, 4,166,667 shares of common stock issuable upon conversion of the TIDES (subject to adjustment) and the guarantee of the TIDES.

Distributions.....Distributions on the TIDES are payable at the annual rate of 6% of the \$50 liquidation amount per TIDES. Distributions are cumulative and began to accumulate on the date of original issuance of the TIDES. Distributions are payable quarterly, in arrears, on February 15, May 15, August 15 and November 15 of each year, beginning February 15, 2001, unless we defer interest payments on the debentures.

Distribution Deferral
 Provisions.....We can, on one or more occasions, defer the interest payments due on the debentures for up to 20

consecutive quarters unless an event of default under the debentures has occurred and is continuing. However, we cannot defer interest payments beyond the maturity date of the debentures, which is November 15, 2030. If we defer interest payments on the debentures, the trust will also defer distributions on the TIDES. The trust will be able to pay distributions on the TIDES only if and to the extent it receives interest payments from us on the debentures. During any deferral period, distributions will continue to accumulate quarterly at an annual rate of 6% of the liquidation amount of \$50 per TIDES. Also, the deferred distributions will themselves accrue additional distributions at an annual rate of 6%, to the extent permitted by law. The trust will send you written notice of any deferral of distributions on the TIDES not later than 10 days prior to the record date for the related TIDES distribution. During any period in which we defer interest payments on the debentures, in general, the trust cannot:

- o declare or pay any dividend or distribution on our capital stock,
- o redeem, purchase, acquire or make a liquidation payment on any of our capital stock,
- o make any interest, principal or premium payment on, or repurchase or redeem any of our debt securities that rank equally with or junior to the debentures, or
- o make any payment on any guarantee by us of the debt securities of any of our subsidiaries if the guarantee ranks equal or junior to the debentures.

If an interest payment deferral occurs, you will continue to recognize interest income for U.S. federal income tax purposes in advance of your receipt of any corresponding cash distribution.

If you convert your TIDES during any interest payment deferral period, you will not receive any cash payment for any deferred distributions.

Conversion into

Common Stock.....You may convert each TIDES into shares of our common stock at the initial conversion price of \$60 per share of our common stock (equivalent to an initial conversion rate of approximately 0.8333 shares of common stock for each of the TIDES). The last reported sale price of our common stock on the New York Stock Exchange on February 5, 2001 was \$51.21 per share. In connection with any conversion of the TIDES, the property trustee of the trust will exchange those TIDES for debentures having a principal amount equal to the stated liquidation amount of \$50 per TIDES exchanged. The property trustee will then immediately convert the debentures into our common stock. We will not issue any fractional shares of common stock as a result of the conversion. Instead, we will pay the fractional interest in cash based on the then current market value of our common stock. Also, we will not issue any additional shares of our common stock upon conversion of the TIDES to pay for any accrued but unpaid distributions on the TIDES at the time of conversion.

Redemption by

the Trust.....The trust will redeem all outstanding TIDES when the debentures are paid at maturity on November 15, 2030. In addition, we can make the trust redeem some or all of the TIDES at any time on or after November 20, 2003 by redeeming the debentures at the redemption prices described on page 35, plus any accrued and unpaid distributions thereon. If that happens, the trust will use the cash it receives from our redemption of the debentures to redeem, on a pro rata basis, TIDES of an aggregate liquidation amount equal to the aggregate principal amount of the debentures redeemed.

Tax Event or Investment Company Event Redemption or

Distribution.....Upon the occurrence of a tax event described below or a change in law that would require the trust to register as an investment company under the Investment Company Act of 1940, we may be required to dissolve the trust and, after satisfaction of liabilities to creditors of the trust as required by applicable law, exchange all outstanding TIDES for debentures. In certain limited circumstances, upon the occurrence of a tax event, we will have the right to redeem the debentures in whole, but not in part, at a price equal to their aggregate principal amount plus any accrued and unpaid interest. Additionally, upon the occurrence of a tax event, we may elect to leave the TIDES outstanding and pay additional amounts to the trust so that the distributions to holders of the TIDES are not reduced

because of the tax event.

A tax event generally means specified tax changes that could result in:

- o the trust being subject to U.S. federal income taxes or more than a de minimis amount of other governmental charges, or
- o the non-deductibility of interest payments on the debentures.

Liquidation Amount.....If the trust is liquidated and the debentures are not distributed to you, you will generally be entitled to receive, after satisfaction of liabilities to creditors of the trust as required by applicable law, \$50 per TIDES plus accrued and unpaid distributions on each TIDES you hold.

The Guarantee.....We have irrevocably guaranteed the trust's payment obligations on the TIDES to the extent described in this prospectus. Under the guarantee, we guarantee the trust's payment obligations, but only to the extent the trust has sufficient funds to make payments on the TIDES. If we do not make payments on the debentures, the trust will not have sufficient funds to make payments on the TIDES, in which case you will be unable to rely on the guarantee for payment. Our obligations under the guarantee are unsecured and junior to our obligations to make payments on all of our senior obligations, except as discussed elsewhere in this prospectus.

Liquidation of the Trust.....We have the right to dissolve the trust at any time. If we exercise this right, the trust will, after satisfaction of liabilities to creditors of the trust as required by applicable law, redeem the TIDES by distributing the debentures to you. If a tax event or a change in law that could require the trust to register as an investment company under the Investment Company Act of 1940 occurs, the trust may be required to redeem the TIDES by distributing the debentures to you.

Voting Rights.....Generally, you do not have any voting rights as a holder of TIDES. However, in limited circumstances, the holders of the TIDES, by majority vote, will have the right to elect a special trustee.

Ranking.....Payments on the TIDES are made pro rata with the common securities except as described under the "Description of TIDES--Subordination of Common Securities" section of this prospectus. The debentures will be unsecured and subordinated to all of our senior obligations and be effectively subordinated to indebtedness of our subsidiaries. Please read the "Description of Debentures--Subordination" section of this prospectus. At December 31, 2000, our senior obligations included approximately \$3.7 billion of debt and capital lease obligations. Our senior obligations also included certain minimum annual commitments under long-term operating leases of aircraft or aircraft engines.

Form of TIDES.....The TIDES are represented by a global certificate registered in the name of Cede & Co., as nominee for The Depository Trust Company, or DTC. Beneficial interests in the TIDES are evidenced by records maintained by DTC or the participants in DTC. Except under limited circumstances, TIDES in certificated form will not be issued in exchange for the global certificate or certificates.

Use of Proceeds.....The selling holders will receive all of the net proceeds from the resale of the offered securities. Neither we nor the trust will receive any such proceeds.

Registration Rights.....Under a registration rights agreement, we and the trust have agreed to use our best efforts to keep the shelf registration statement, of which this prospectus is a part, effective and useable (subject to certain exceptions) for two years or such other period as shall be required under Rule 144(k) of the Securities Act or such shorter period ending when all the TIDES, debentures and common stock issuable upon their conversion that are covered by the registration statement have been sold. Special interest and special distributions will accrue on the debentures and the TIDES if we or the trust fail to meet our obligations under the registration rights agreement.

Absence of Market for the TIDES.....The TIDES were initially a privately placed security. As a result of the effectiveness of the registration statement of which this prospectus is a part, the TIDES are no longer restricted securities under the Securities Act. However, there is currently no market

for the TIDES. Although the initial purchasers have informed us that they currently intend to make a market in the TIDES, the initial purchasers are not obligated to do so, and any market making may be discontinued at any time without notice. Accordingly, you cannot be assured that a liquid market for the TIDES will develop.

Trading.....Our common stock is listed on the New York Stock Exchange under the symbol "CAL." The common stock issuable upon conversion of the TIDES has been listed on the New York Stock Exchange.

RISK FACTORS

Investing in the TIDES involves risk. In addition to the risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2000, which is incorporated by reference in this prospectus, you should carefully consider the risk factors described below, in addition to the other information contained or incorporated by reference in this prospectus, before making an investment decision. The risks and uncertainties described below and incorporated by reference are not the only risks we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may impair our business operations.

Each of the following factors could have a material adverse affect on our business, financial condition or results of operations, causing the trading price of the TIDES and our common stock to decline and the loss of all or part of your investment.

Risk Factors Relating to Continental

High Leverage and Significant Financing Needs

We have a higher proportion of debt compared to our equity capital than some of our principal competitors. In addition, we have less cash resources than some of our principal competitors. A majority of our property and equipment is subject to liens securing indebtedness. Accordingly, we may be less able than some of our competitors to withstand a prolonged recession in the airline industry or respond as flexibly to changing economic and competitive conditions.

As of December 31, 2000, we had approximately \$3.7 billion (including current maturities) of long-term debt and capital lease obligations and approximately \$1.9 billion of Continental-obligated mandatorily redeemable preferred securities of trust, redeemable common stock and common stockholders' equity. Also at December 31, 2000, we had \$1.4 billion in cash, cash equivalents and short-term investments.

We have substantial commitments for capital expenditures, including for the acquisition of new aircraft. As of December 31, 2000, we had agreed to acquire or lease a total of 86 additional Boeing jet aircraft through 2005. We anticipate taking delivery of 35 Boeing jet aircraft in 2001. We also have options for an additional 105 aircraft (exercisable subject to certain conditions). The estimated aggregate cost of our firm commitments for Boeing aircraft is approximately \$4 billion. We currently plan to finance our new Boeing aircraft with a combination of enhanced pass through trust certificates, lease equity and other third-party financing, subject to availability and market conditions. As of December 31, 2000, we had approximately \$890 million in financing arranged for such Boeing deliveries. We also have commitments or letters of intent for backstop financing for approximately 23% of the anticipated remaining acquisition cost of future Boeing deliveries. In addition, at December 31, 2000, we had firm commitments to purchase 26 spare engines related to the new Boeing aircraft for approximately \$158 million, which will be deliverable through March 2005.

As of December 31, 2000, Continental Express had firm commitments for 178 Embraer regional jets with options for an additional 100 Embraer regional jets exercisable through 2007. Continental Express anticipates taking delivery of 41 regional jets in 2001. The estimated cost of our firm commitments for Embraer regional jets is approximately \$3 billion. Neither Continental Express nor we will have any obligation to take any such firm Embraer aircraft that are not financed by a third party and leased to us.

For 2000, cash expenditures under operating leases relating to aircraft approximated \$864 million, compared to \$758 million for 1999, and approximated \$353 million relating to facilities and other rentals compared to \$328 million in 1999. We expect that our operating lease expenses for 2001 will increase over 2000 amounts.

Additional financing will be needed to satisfy our capital commitments. We cannot predict whether sufficient financing will be available for capital expenditures not covered by firm financing commitments.

We utilized some of our cash and issued the debentures in order to finance the purchase in cash of \$450 million of shares of Class A common stock from Northwest after the recapitalization described under "Northwest Transaction" above. The industry in which we operate is a cash-intensive business and it is therefore desirable for us to maintain adequate cash on hand. While we believe that the amount of cash, cash equivalents, short-term investments and borrowing capacity that remains available to us after the recapitalization will be sufficient, we cannot provide complete assurance that this will be the case in all circumstances.

Our Historical Operating Results

We have recorded positive net income in each of the last six years. However, we experienced significant operating losses in the previous eight years. Historically, the financial results of the U.S. airline industry have been cyclical. We cannot predict whether current industry conditions will continue.

Significant Cost of Aircraft Fuel

Fuel costs constitute a significant portion of our operating expense. Fuel costs were approximately 15.6% of operating expenses for the year ended December 31, 2000 and 9.7% for the year ended December 31, 1999 (excluding fleet disposition/impairment losses). Fuel prices and supplies are influenced

significantly by international political and economic circumstances. We enter into petroleum swap contracts, petroleum call option contracts and/or jet fuel purchase commitments to provide some short-term protection (generally three to six months) against a sharp increase in jet fuel prices. Our fuel hedging strategy could result in our not fully benefiting from certain fuel price declines. If a fuel supply shortage were to arise from OPEC production curtailments, a disruption of oil imports or otherwise, higher fuel prices or reduction of scheduled airline service could result. Significant changes in fuel costs or continuation of high current jet fuel prices would materially affect our operating results.

Labor Costs

Labor costs constitute a significant percentage of our total operating costs, and we experience competitive pressure to increase wages and benefits. In July 2000, we completed a three-year program bringing all employees to industry standard wages and also announced and began to implement a phased plan to bring employee benefits to industry standard levels by 2003. The plan provides for increases in vacation, paid holidays, increased 401(k) company matching contributions and additional past service retirement credit for most senior employees.

Ability to Use Net Operating Loss Carryforwards

At December 31, 2000, we had estimated net operating loss carryforwards, or NOLs, of \$1 billion for federal income tax purposes that will expire through 2021 and federal investment tax credit carryforwards of \$45 million that will expire through 2001. Due to an ownership change of our company on April 27, 1993, the ultimate utilization of our NOLs and investment tax credits may be limited, as described below. Reflecting this limitation, we had a valuation allowance of \$263 million at December 31, 2000.

We had, as of December 31, 2000, deferred tax assets aggregating \$677 million, including \$366 million related to NOLs. We have consummated several transactions that resulted in the recognition of NOLs of our predecessor. To the extent we were to determine in the future that additional NOLs of our predecessor could be recognized in the accompanying consolidated financial statements, such benefit would reduce the value ascribed to routes, gates and slots.

Section 382 of the Internal Revenue Code imposes limitations on a corporation's ability to utilize NOLs if it experiences an "ownership change." In general terms, an ownership change may result from transactions increasing the ownership of certain stockholders in the stock of a corporation by more than 50 percentage points over a three-year period. In the event that an ownership change occurred, utilization of our NOLs would be subject to an annual limitation under Section 382 determined by multiplying the value of our stock at the time of the ownership change by the applicable long-term tax-exempt rate (which was 5.39% for December 2000). Any unused annual limitation may be carried over to later years, and the amount of the limitation may under certain circumstances be increased by the built-in gains in assets held by us at the time of the change that are recognized in the five-year period after the change. Under current conditions, if an ownership change were to occur, our annual NOL utilization would be limited to approximately \$174 million per year other than through the recognition of future built-in gain transactions.

In November 1998, Northwest completed its acquisition of certain equity of our company previously held by Air Partners, L.P. and its affiliates, together with certain of our Class A common stock held by other investors, totaling 8,661,224 shares of the Class A common stock. On January 22, 2001, we repurchased 6,685,279 shares of our Class A common stock from Northwest and an affiliate. In addition, each issued share of our Class A common stock was reclassified into 1.32 shares of Class B common stock in a nontaxable transaction. We do not believe that these transactions resulted in an ownership change for purposes of Section 382.

Continental Micronesia's Dependence on the Japanese Economy; Currency Risk

Because the majority of Continental Micronesia's traffic originates in Japan, its results of operations are substantially affected by the Japanese economy and changes in the value of the yen as compared to the dollar. To reduce the potential negative impact on Continental Micronesia's earnings, we have entered into forward contracts as a hedge against a portion of our expected net yen cash flow position. As of December 31, 2000, we had hedged approximately 75% of 2001 projected yen-denominated net cash flows at a rate of 99 yen to \$1 US.

Risk Factors Relating to the Airline Industry

Competition and Industry Conditions

The airline industry is highly competitive and susceptible to price discounting. Carriers have used discount fares to stimulate traffic during periods of slack demand, to generate cash flow and to increase market share. Some of our competitors have substantially greater financial resources or lower cost structures than we do.

Airline profit levels are highly sensitive to changes in fuel costs, fare levels and passenger demand. Passenger demand and fare levels have in the past been influenced by, among other things, the general state of the economy (both internationally and domestically), international events, airline capacity and pricing actions taken by carriers. Domestically, from 1990 to 1993, the weak U.S. economy, turbulent international events and extensive price discounting by carriers contributed to unprecedented losses for U.S. airlines. In the last several years, the U.S. economy has improved and excessive price discounting has abated. We cannot predict the extent to which these industry conditions will continue.

In recent years, the major U.S. airlines have sought to form marketing alliances with other U.S. and foreign air carriers. Such alliances generally provide for "code-sharing," frequent flyer reciprocity, coordinated scheduling of flights of each alliance member to permit convenient connections and other joint marketing activities. Such arrangements permit an airline to market flights operated by other alliance members as its own. This increases the destinations, connections and frequencies offered by the airline, which provide an opportunity to increase traffic on its segment of flights connecting with its alliance partners. The Northwest Alliance is an example of such an arrangement, and we have existing alliances with numerous other air carriers. Other major U.S. airlines have alliances or planned alliances more extensive than we do. We cannot predict the extent to which we will benefit from our alliances or be disadvantaged by competing alliances.

In recent years, and particularly since our deregulation in 1978, the U.S. airline industry has also undergone substantial consolidation, and it may in the future undergo additional consolidation. For example, in May 2000, United, the nation's largest commercial airline, announced its agreement to acquire US Airways, the nation's sixth largest commercial airline, subject to regulatory approvals and other conditions. In addition, in January 2001, American Airlines announced agreements to acquire the majority of Trans World Airlines Inc.'s assets and some of US Airways' assets, subject to regulatory approvals and other conditions. We routinely monitor changes in the competitive landscape and engage in analysis and discussions regarding our strategic position, including alliances and business combination transactions. We have had, and anticipate we will continue to have, discussions with the third parties regarding strategic alternatives. The impact on us of these pending transactions and any additional consolidation within the U.S. airline industry cannot be predicted at this time.

Potential Increased Costs due to Regulatory Compliance

Airlines are subject to extensive regulatory and legal compliance requirements that engender significant costs. In the last several years, the Federal Aviation Administration, or FAA, has issued a number of directives and other regulations relating to the maintenance and operation of aircraft that have required significant expenditures. Some FAA requirements cover, among other things, retirement of older aircraft, security measures, collision avoidance systems, airborne windshear avoidance systems, noise abatement, commuter aircraft safety and increased inspections and maintenance procedures to be conducted on older aircraft. We expect to continue incurring expenses in complying with the FAA's regulations.

Additional laws, regulations, taxes and airport rates and charges have been proposed from time to time that could significantly increase the cost of airline operations or reduce revenues. For instance, "passenger bill of rights" legislation has been introduced in Congress that would, among other things, require the payment of compensation to passengers as a result of certain delays, and limit the ability of carriers to prohibit or restrict usage of certain tickets in manners currently prohibited or restricted. The U.S. Department of Transportation has proposed rules that would significantly limit major carriers' ability to compete with new entrant carriers. If adopted, these measures could have the effect of raising ticket prices, reducing revenue and increasing costs. Restrictions on the ownership and transfer of airline routes and takeoff and landing slots have also been proposed. The ability of U.S. carriers to operate international routes is subject to change because the applicable arrangements between the United States and foreign governments may be amended from time to time, or because appropriate slots or facilities are not made available. We cannot provide assurance that laws or regulations enacted in the future will not adversely affect us.

Seasonal Nature of Airline Business and Other Variability in Results

Due to greater demand for air travel during the summer months, revenue in the airline industry in the second and third quarters of the year is generally stronger than revenue in the first and fourth quarters of the year for most U.S. air carriers. Our results of operations generally reflect this seasonality, but have also been impacted by numerous other factors that are not necessarily seasonal, including the extent and nature of competition from other airlines, fare wars, excise and similar taxes, changing levels of operations, fuel prices, weather, air traffic control delays, foreign currency exchange rates and general economic conditions.

Risk Factors Related to the TIDES

Ability to Make Distributions on the TIDES

Because of the subordinated nature of the guarantee and the debentures, we:

- o are not permitted to make any payments of principal, including redemption payments, or interest on the debentures if we default on our senior obligations, as described under "Description of Debentures--Subordination" in this prospectus,
- o are not permitted to make payments on the guarantee if we default on any of our other liabilities, including senior obligations, other than liabilities that are equal or subordinate to the guarantee by their terms as described under "Description of Guarantee" in this prospectus, and
- o must pay all of our senior obligations before we make payments on the guarantee or the debentures if we become bankrupt, liquidate or dissolve.

In addition, if we fail to make any payments on the debentures, the trust will not be able to make any payments on the TIDES.

Neither the TIDES, the guarantee nor the debentures limit our or our subsidiaries' ability to incur additional indebtedness, including indebtedness that ranks senior to the debentures and the guarantee. At December 31, 2000, our senior obligations included approximately \$3.7 billion of debt and capital lease obligations. Our senior obligations also included certain minimum annual commitments under long-term operating leases of aircraft or aircraft engines.

Limited Scope of the Guarantee

If we fail to make payments on the debentures, the trust will be unable to make the related distribution, redemption or liquidation payments on the TIDES to you. In those circumstances, you cannot rely on the guarantee for payments of those amounts. Instead, if we are in default under the debentures, you may:

- o rely on the property trustee of the trust to enforce the trust's rights under the debentures or
- o directly sue us or seek other remedies to collect your pro rata share of payments owed.

Tax Consequences of Distribution Deferral Provisions

We can, on one or more occasions, defer interest payments on the debentures for up to 20 consecutive quarterly periods unless an event of default under the debentures has occurred and is continuing. We cannot, however, defer interest payments beyond the maturity date of the debentures, which is November 15, 2030. If we defer interest payments on the debentures, the trust will also defer distribution payments on the TIDES and the common securities. During a deferral period, distributions will continue to accumulate on the TIDES and the common securities. Also, additional distributions will accumulate to the extent permitted by applicable law on any deferred distributions at an annual rate of 6%, compounded quarterly.

Because of our ability to defer interest payments, special tax rules will apply that will require you to include interest in income on an accrual basis, regardless of when such interest is paid to you. Accordingly, if we defer payments of interest on the debentures, you will be required to include accrued interest income for the deferred interest allocable to your share of TIDES in your gross income for U.S. federal income tax purposes prior to receiving any cash distributions. In addition, you will not receive cash from the trust related to that income if you sell your TIDES prior to the record date for those distributions. You should consult with your own tax advisor regarding the tax consequences of an investment in the TIDES. Please read the "Tax Consequences" section in this prospectus for more information regarding the tax consequences of holding and selling the TIDES.

Effect on the Market Price of the TIDES of Deferral of Interest Payments on the Debentures

If we defer interest payments on the debentures in the future, the market price of the TIDES may not fully reflect the value of accrued but unpaid interest on the debentures. If you sell TIDES during a deferral period, you may not receive the same return on investment as someone who continues to hold TIDES. In addition, our right to defer interest payments on the debentures may mean that the market price for the TIDES will be more volatile than other securities that are not subject to these rights.

Redemption of the Debentures

If specified tax events occur that render interest payments on the debentures non-deductible or subject the trust to taxation or upon a change in law that could require the trust to register as an investment company under the Investment Company Act, as more fully described under "Description of TIDES--Tax Event or Investment Company Event Redemption or Distribution," we may redeem the debentures, causing the redemption of your TIDES. The tax redemption price you would receive if we redeem the debentures will be \$50 per each TIDES, plus accumulated and unpaid distributions. In addition, upon the occurrence of a tax event, we may elect to pay any increased taxes or expenses of the trust caused by the tax event.

We may also redeem all or some of the debentures at any time on or after November 20, 2003, subject to certain conditions, without your consent. If a redemption occurs, the trust will use the cash it receives from the redemption of the debentures to redeem an equivalent amount of TIDES and common securities on a pro rata basis. The redemption price you would receive in that event may vary, but will be at least 100% of the principal amount of TIDES to be redeemed, plus any accumulated and unpaid distributions. Please read "Description of TIDES--Mandatory Redemption" and "Description of Debentures--Redemption" in this prospectus. You should assume that we will redeem the debentures if we can refinance the debentures at a lower interest rate or if it is otherwise in our interest to redeem the debentures.

Disposal of TIDES Between Record Dates for Payments of Distributions or During Deferral Periods

For tax purposes, if you dispose of your TIDES between record dates for payments of distributions, or during deferral periods, you will be required to:

- o include in your gross ordinary income accrued but unpaid interest on the debentures through the date of disposition as original issue discount, and
- o add that amount to your adjusted tax basis in your pro rata share of the underlying debentures that you are deemed to have disposed of.

Accordingly, you may recognize a capital loss to the extent that the selling

price, which may not fully reflect the value of accrued but unpaid interest, is less than your adjusted tax basis, which will include accrued but unpaid interest. In most instances, capital losses cannot be applied to offset ordinary income for U.S. federal income tax purposes. Accordingly, you may not be able to offset such accrued but unpaid interest income against any such capital loss.

Absence of a Trading Market for the TIDES

There is no public market for the TIDES. At the time of the original offering of the TIDES, the initial purchasers of the TIDES, Credit Suisse First Boston and UBS Warburg LLC, informed us that they intended to make a market for the TIDES offered hereby, however, the initial purchasers are not obligated to do so and such market making activity is subject to the limits imposed by applicable law and may be discontinued at any time without notice. We cannot assure you that an active trading market for the TIDES will develop or be sustained. Any market that develops for the TIDES is likely to be influenced by the market for our common stock. If a market were to develop, the TIDES could trade at prices that may be higher or lower than their initial public offering price depending upon many factors, including:

- o prevailing interest rates,
- o our common stock price,
- o our operating results, and
- o the market for similar securities.

Voting Rights of TIDES Holders

As a holder of TIDES, you have limited voting rights relating only to the modification of the TIDES and, in specified circumstances, the exercise of the trust's rights as holder of the debentures and the guarantee. Except during an event of default with respect to the debentures, only we can replace or remove any of the trustees or increase or decrease the number of trustees.

Risk Factors Related to Ownership of Our Common Stock

Anti-Takeover Provisions

We have a rights plan pursuant to which one preferred stock purchase right is currently associated with each outstanding share of our common stock. Each of these rights entitles the registered holder to purchase from us one one-thousandth of a share of our junior preferred stock at a purchase price of \$200 per one one-thousandth of a share, subject to adjustment. The rights have anti-takeover effects. The rights could cause substantial dilution to a person or group that attempts to acquire us and effect a change in the composition of our board of directors on terms not approved by the board of directors, including by means of a tender offer at a premium to the market price and, as a result, could delay or prevent a change of control or other transaction that could provide our stockholders with a premium over the then-prevailing market price of their shares or which might otherwise be in their best interest. The rights should not interfere with any merger or business combination approved by the board of directors. For a detailed description of these preferred stock purchase rights, see "Description of Capital Stock--Preferred Stock Purchase Rights."

Our certificate of incorporation and bylaws contain other provisions that could make it difficult for a third party to acquire us without the consent of our board of directors.

Pursuant to the Northwest Transaction, we issued to Northwest a new series of preferred stock with a separate class vote in any required vote of our stockholders relating to certain changes of control affecting our company, as described under "Northwest Transaction." This may delay or prevent the acquisition of our company.

Limitation on Voting by Foreign Owners

Our certificate of incorporation provides that no shares of capital stock may be voted by or at the direction of persons who are not citizens of the United States unless the shares are registered on a separate stock record. Our bylaws further provide that no shares will be registered on this separate stock record if the amount so registered would exceed applicable foreign ownership restrictions. U.S. law currently requires that no more than 25% of the voting stock of our company (or any other domestic airline) may be owned directly or indirectly by persons who are not citizens of the United States. See "Description of Capital Stock--Common Stock--Limitation on Voting by Foreign Owners."

Payment of Dividends on Common Stock

We have not paid cash dividends in the past and do not intend to pay dividends on our common stock into which the TIDES may be converted in the foreseeable future. We have no obligation to pay dividends on our common stock and currently intend to retain any earnings for the future operation and development of our business. Our ability to make dividend payments in the future will depend on our future performance and liquidity. In addition, our credit facility contains restrictions on our ability to pay cash dividends on our capital stock, including our common stock. As a result, we may not be able to pay dividends on the common stock into which your TIDES may be converted.

USE OF PROCEEDS

The selling holders will receive all of the net proceeds from the resale of the TIDES, the debentures, the common stock issuable upon conversion of the TIDES and the guarantee. Neither we nor the trust will receive any of the proceeds from the resale of those securities.

RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The ratios of our "earnings" to our "combined fixed charges and preferred stock dividends" for each of the years 1996 through 2000 were:

	1996	1997	1998	1999	2000
	----	----	----	----	----
Ratio.....	1.75	2.01	1.90	1.80	1.51

The ratio of earnings to combined fixed charges and preferred stock dividends are based on continuing operations. For purposes of the ratios, "earnings" means the sum of:

- o our pre-tax income, and
- o our fixed charges, net of interest capitalized.

"Combined fixed charges and preferred stock dividends" represent:

- o the interest we pay on borrowed funds,
- o the amount we amortize for debt discount, premium and issuance expense and interest previously capitalized,
- o that portion of rentals considered to be representative of the interest factor, and
- o preferred stock dividend requirements.

ACCOUNTING TREATMENT OF THE TIDES

The trust is treated as our subsidiary for financial reporting purposes. Accordingly, the accounts of the trust are included in our consolidated financial statements. We account for the TIDES in our consolidated balance sheets as a separate line item entitled "Mandatorily redeemable preferred securities of subsidiary trust holding solely convertible subordinated debentures." We also include appropriate disclosures about the TIDES, the debentures and the guarantee in the notes to our consolidated financial statements. For financial reporting purposes, we record distributions on the TIDES as a separate line item entitled "Distributions on Preferred Securities of Trust" in our consolidated statements of operations.

CONTINENTAL AIRLINES FINANCE TRUST II

Continental Airlines Finance Trust II is a statutory business trust that was formed under Delaware law on November 6, 2000. The trust was created under an original declaration of trust among the trust's initial trustees and us by the filing of a certificate of trust with the Secretary of State of the State of Delaware. The trust's original declaration of trust was amended and restated in its entirety as of November 10, 2000, the date the trust initially issued the TIDES.

We own all of the trust's common securities. The common securities represent common undivided beneficial interests in the assets of the trust with an aggregate liquidation amount equal to at least 3% of the total capital of the trust.

The trust exists for the exclusive purposes of:

- o issuing the TIDES,
- o issuing the common securities to us,
- o investing the gross proceeds of the sale of the TIDES and the common securities in the debentures,
- o distributing payments received on the debentures to holders of the TIDES and the common securities, and
- o engaging in only those other activities necessary or incidental to such purposes.

The trust currently has four trustees. Two of those trustees, referred to as administrative trustees, are our employees or officers. Wilmington Trust Company currently serves as the trust's property trustee and as the trust's Delaware trustee. In some circumstances, the holders of a majority of the TIDES are entitled to appoint one additional trustee, referred to as a special trustee, who does not need to be affiliated with us and who will have the same rights, powers and privileges as the administrative trustees.

The property trustee, among other things:

- o holds title to the debentures for the benefit of the holders of the TIDES and the common securities,

- o has the power to exercise all rights, powers and privileges under the indenture as the holder of the debentures, and
- o maintains exclusive control of a segregated non-interest bearing bank account, called the property account, to hold all payments made in respect of the debentures for the benefit of the holders of the TIDES and the common securities.

Subject to the right of the holders of the TIDES to appoint a special trustee, we, as holder of all the common securities, have the right to appoint, remove or replace any of the trustees and to increase or decrease the number of trustees. However, the number of trustees is required to be at least three, a majority of which are administrative trustees.

We paid all fees and expenses related to the offering of the TIDES and will continue to pay all fees and expenses related to the trust.

The address of the principal office of the trust is c/o Continental Airlines, Inc., 1600 Smith Street, Houston, Texas 77002, and its telephone number is (713) 324-2950.

DESCRIPTION OF TIDES

The trust issued the TIDES pursuant to the terms of the declaration of trust. The declaration of trust is qualified under the Trust Indenture Act and incorporates certain provisions of the Trust Indenture Act. We have summarized selected provisions of the declaration of trust and the TIDES below. This summary is not complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the declaration of trust. The declaration of trust is filed as an exhibit to this registration statement, of which this prospectus is a part.

General

The declaration of trust authorized the trust to issue the TIDES and the common securities. The TIDES represent preferred undivided beneficial ownership interests in the assets of the trust. The common securities represent common undivided beneficial ownership interests in the assets of the trust. Payments on the TIDES are made pro rata with payments on the common securities, except as described under "--Subordination of Common Securities." Under the guarantee agreement we guarantee, on a subordinated basis, any payments required to be made by the trust to the holders of the TIDES, but only to the extent that the trust has funds on hand available to make the payments. Please read the "Description of Guarantee" section of this prospectus.

Distributions

You are entitled to receive cash distributions at an annual rate of 6% of the \$50 stated liquidation amount per each TIDES. Distributions are cumulative and began to accumulate on the date of original issuance of the TIDES. Distributions are payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, beginning February 15, 2001, to the person in whose name each of the TIDES is registered, subject to certain exceptions, at the close of business on the 1st day of the month of the applicable distribution date.

The amount of distributions payable for any period are computed on the basis of the number of days elapsed in a 360-day year consisting of 12 30-day months. If a distribution date is not a business day, the trust will make the distributions on the next day that is a business day, without any additional distributions or other payments due to the delay.

Accrued distributions that are not paid on the applicable distribution date will accrue additional distributions compounded quarterly from the relevant distribution date. For the purpose of this prospectus, a "distribution" will include quarterly distributions, additional distributions on quarterly distributions not paid on the applicable distribution date, special distributions (as described in the "Registration Rights" section of this prospectus) and additional sums (as described in the "Description of Debentures--Additional Sums" section of this prospectus), as applicable. A "business day" is any day other than a Saturday or a Sunday, or a day on which banking institutions in New York, New York or Wilmington, Delaware are authorized or required by law or executive order to remain closed, or a day on which the corporate trust office of the property trustee or the debenture trustee is closed for business.

Option to Defer Distributions

We can, on one or more occasions, defer interest payments on the debentures for up to 20 consecutive quarterly periods unless an event of default under the indenture has occurred and is continuing. Interest payments are not due and payable on the debentures during a deferral period. We cannot, however, defer interest payments beyond the earlier of the maturity date of the debentures, which is November 15, 2030 or the date the debentures are redeemed.

If we defer interest payments on the debentures, the trust will defer distribution payments on the TIDES and the common securities. Distributions will continue to accumulate on the TIDES and the common securities during a deferral period. Also, additional distributions will accumulate on any deferred distributions at the annual rate of 6%, compounded quarterly, to the extent permitted by applicable law.

We do not currently intend to defer interest payments on the debentures.

We may extend a deferral period prior to the period's termination. However, we may not extend a deferral period, including all previous and further

extensions of the period, beyond 20 consecutive quarterly interest periods or the maturity date of the debentures. Once a deferral period ends and we make all payments due on the debentures, we can commence a new deferral period. Consequently, there could be multiple deferral periods of varying lengths throughout the term of the debentures. Please read the "Tax Consequences--U.S. Holders--Interest Income and Original Issue Discount" section of this prospectus.

Payment of Distributions

The trust must pay distributions on the TIDES on the distribution payment dates to the extent that the property trustee has cash on hand to make distributions. The property trustee will maintain that cash in the property account. The only funds the property trustee has to distribute to the holders of the TIDES are from payments received on the debentures. If we do not make interest payments on the debentures, the property trustee will not have funds available to make distributions on the TIDES. If and to the extent we make interest payments on the debentures, the property trustee is obligated to make distributions on the TIDES and the common securities on a pro rata basis. We guarantee the payment of distributions and other payments on the TIDES on a subordinated basis, but only if, and to the extent that, we make corresponding payments to the trust on the debentures and, as a result, the property trustee has funds available to make distributions on the TIDES. Please read the "Description of Guarantee" section in this prospectus.

Conversion Rights

General

Holders of TIDES may convert them into our common stock at any time before the earlier of:

- o the close of business on the business day immediately prior to the maturity date of the debentures, or
- o in the case of TIDES called for redemption, the close of business on the business day immediately prior to the redemption date.

Initially, each of the TIDES is convertible into shares of our common stock at an initial conversion price of \$60 per share of common stock (equivalent to an initial conversion rate of approximately 0.8333 shares of common stock for each of the TIDES). The conversion price and conversion rate are subject to adjustment as described under the "--Conversion Price Adjustments" section of this prospectus.

If you wish to exercise your conversion right, you must deliver an irrevocable conversion notice, together, if the TIDES are in certificated form, with the certificated security, to the conversion agent who will, on your behalf, exchange the TIDES for a like amount of debentures and immediately convert the debentures into shares of our common stock. You may obtain copies of the required form of the conversion notice from the conversion agent.

At the close of business on a distribution record date, you will be entitled to receive the distribution payable on your TIDES on the corresponding distribution date even if you convert your TIDES after the distribution record date but prior to the distribution date. Except as provided in the immediately preceding sentence, neither we nor the trust will make, or be required to make, any payment, allowance or adjustment for accrued and unpaid distributions, whether or not in arrears, on converted TIDES, even if you convert your TIDES during a deferral period. We will make no payment or allowance for distributions on our shares of common stock issued upon conversion, except to the extent that those shares of common stock are held of record on the record date for any distributions. We will deem each conversion to have been effected immediately prior to the close of business on the day on which the trust received the related conversion notice.

We will not issue any fractional shares of our common stock as a result of a conversion of TIDES. We will pay cash in lieu of a fractional share of common stock.

Conversion Price Adjustments--General

The conversion price is subject to adjustment for some events, including:

- o the payment of dividends or distributions payable in our common stock on our common stock,
- o the issuance of rights or warrants to all holders of our common stock at a price per share less than the then-current market price,
- o subdivisions and combinations of our common stock,
- o the payment of dividends or distributions to all holders of our common stock consisting of our indebtedness, securities or capital stock, cash or assets, excluding any rights, warrants, dividends or distributions referred to in the first two bullet points and dividends and distributions paid exclusively in cash,
- o the payment of dividends or other distributions on our common stock exclusively in cash, excluding:
 - o cash dividends that do not exceed the per share amount of the smallest of the four immediately preceding quarterly cash dividends as adjusted to reflect any of the events referred to in the preceding bullet points,

- o cash dividends, if the annualized per share amount of the cash dividends does not exceed 15% of the market price of our common stock on the trading day immediately prior to the date of declaration of the dividend, and
- o payment to holders of our common stock in respect of a tender or exchange offer, other than an odd-lot offer by us or any subsidiary of ours, for our common stock at a price in excess of 110% of the market price of our common stock as of the trading day next succeeding the last date tenders or exchanges may be made in the tender or exchange offer.

We may, at our option, make other reductions in the conversion price that our board of directors determines are advisable to avoid or diminish any income tax to holders of our common stock resulting from any dividend or distribution of stock or rights to acquire stock or from any event treated as such for income tax purposes. Please read the "Tax Consequences--U.S. Holders--Adjustment of Conversion Price" section of this prospectus.

The conversion price will not be adjusted for the issuance of our common stock (or securities convertible into or exchangeable for our common stock), except as described above. For example, the conversion price will not be adjusted upon the issuance of shares of our common stock

- o under any present or future plan providing for the reinvestment of dividends or interest payable on our securities,
- o in connection with the investment of additional optional amounts in shares of our common stock under any plan described in the preceding bullet point,
- o under any present or future employee benefit plan or program of ours, or
- o pursuant to any option, warrant or right or exercisable, exchangeable or convertible security outstanding as of the date the TIDES were first issued.

The conversion price was not adjusted for the recapitalization described under "Northwest Transaction."

If any action requires adjustment of the conversion price under more than one of the provisions described above, only one adjustment will be made and that adjustment will be the amount of adjustment that has the highest absolute value to holders of the TIDES. An adjustment in the conversion price is not required unless the adjustment requires a change of at least 1% in the conversion price then in effect. However, any adjustment otherwise required to be made will be carried forward and taken into account in any subsequent adjustment.

Conversion Price Adjustments--Merger, Consolidation or Sale of Assets

If we are a party to any transaction, including a merger (other than a merger that does not result in a reclassification, conversion, exchange or cancellation of our common stock), consolidation, sale of all or substantially all of our assets, recapitalization or reclassification of our common stock (other than a change in par value, or from par value to no par value, or from no par value to par value or as a result of a subdivision or combination of our common stock), or any compulsory share exchange, that results in shares of our common stock being converted into the right to receive other securities, cash or other property, then lawful provision will be made as part of the terms of the transaction so that the holders of the TIDES will have the right to convert each TIDES into:

- o in the case of any transaction other than a transaction involving a Common Stock Fundamental Change (as defined below) (and subject to funds being legally available for that purpose under applicable law at the time of conversion), the kind and amount of securities, cash or other property receivable upon the consummation of the transaction by a holder of that number of shares of our common stock into which a TIDES was convertible immediately prior to the transaction, or
- o in the case of a transaction involving a Common Stock Fundamental Change, common stock of the kind received by holders of our common stock as a result of such Common Stock Fundamental Change.

In each case described in the foregoing bullet points, the conversion will be made after giving effect to any adjustment discussed below relating to a Fundamental Change (as described below) if the transaction constitutes a Fundamental Change. The holders of TIDES have no voting rights with respect to any transaction described in this section.

If a Fundamental Change occurs, the conversion price in effect immediately before the Fundamental Change will be adjusted as described below.

In the case of a Non-Stock Fundamental Change (as described below), the conversion price of the TIDES will be adjusted to become the lower of:

- o the conversion price in effect immediately prior to the Non-Stock Fundamental Change, but after giving effect to any other adjustments that may be made pursuant to the first paragraph under the "--Conversion Price Adjustments--General" section of this prospectus, and
- o the result obtained by multiplying the greater of the Relevant Price (as defined below) or the then applicable Reference Market Price (as defined below) by the Optional Redemption Ratio (as

defined below) (this product is referred to as the "Adjusted Relevant Price" or the "Adjusted Reference Market Price," as the case may be).

In the case of a Common Stock Fundamental Change, the conversion price of the TIDES in effect immediately before the Common Stock Fundamental Change, but after giving effect to any other prior adjustments, will thereupon be adjusted by multiplying the conversion price by a fraction of which the numerator will be the Purchaser Stock Price (as defined below) and the denominator will be the Relevant Price; provided, however, that in the event of a Common Stock Fundamental Change in which:

- o 100% of the value of the consideration received by a holder of our common stock is common stock of the successor, acquiror or other third party (and cash, if any, is paid only with respect to any fractional interests in that common stock resulting from such Common Stock Fundamental Change), and
- o all of our common stock will have been exchanged for, converted into, or acquired for common stock (and cash with respect to fractional interests) of the successor, acquiror or other third party,

the conversion price of the TIDES in effect immediately before the Common Stock Fundamental Change will be adjusted by multiplying the conversion price by a fraction of which the numerator will be one and the denominator will be the number of shares of common stock of the successor, acquiror, or other third party received by a holder of one share of our common stock as a result of the Common Stock Fundamental Change.

In the absence of the adjustments to the conversion price after a Fundamental Change, in the case of a transaction mentioned above, each TIDES would become convertible into the securities, cash, or other property receivable by a holder of the number of shares of our common stock into which each TIDES was convertible immediately prior to the transaction. As a result, in the absence of the Fundamental Change provisions, a transaction could substantially lessen or eliminate the value of the conversion privilege associated with the TIDES. For example, if we are acquired in a cash merger, each TIDES would become convertible solely into cash and would no longer be convertible into securities whose value would vary depending on our future prospects and other factors.

In Non-Stock Fundamental Change transactions, the foregoing conversion price adjustments are designed to increase the securities, cash or other property into which each TIDES is convertible. In a Non-Stock Fundamental Change transaction where the initial value received per share of our common stock (measured as described in the definition of Relevant Price) is lower than the conversion price of the TIDES but greater than or equal to the Reference Market Price, the conversion price will be adjusted as described above with the effect that each TIDES will be convertible into securities, cash or other property of the same type received by the holders of our common stock in the transaction with the conversion price adjusted as though the initial value had been the Adjusted Relevant Price.

In a Non-Stock Fundamental Change transaction where the initial value received per share of our common stock (measured as described in the definition of Relevant Price) is lower than both the conversion price of each TIDES in effect immediately before any adjustment described above and the Reference Market Price, the conversion price will be adjusted as described above but calculated as though the initial value had been the Adjusted Reference Market Price.

In Common Stock Fundamental Change transactions, the adjustments described above are designed to provide in effect that:

- o where our common stock is converted partly into common stock and partly into other securities, cash or property, each TIDES will be convertible solely into a number of shares of common stock determined so that the initial value of those shares (measured as described in the definition of Purchaser Stock Price below) equals the value of the shares of our common stock into which the TIDES was convertible immediately before the transaction (measured as described above), and
- o where our common stock is converted solely into common stock, each TIDES will be convertible into the same number of shares of common stock receivable by a holder of the number of shares of our common stock into which the TIDES was convertible immediately before the transaction.

"Closing Price" of any security on any day means the last reported sale price of that security on that day, or if no sale takes place on that day, the average of the closing bid and asked prices in each case on the principal national securities exchange on which the securities are listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the National Market System of the Nasdaq Stock Market or any successor national automated interdealer quotation system (the "Nasdaq Stock Market") or, if such securities are not listed or admitted to trading on any national securities exchange or quoted on the Nasdaq Stock Market, the average of the closing bid and asked prices of that security in the over-the-counter market as furnished by any New York Stock Exchange member firm selected by us for that purpose.

"Common Stock Fundamental Change" means any Fundamental Change in which more than 50% of the value, as determined in good faith by our board of directors, of the consideration received by holders of our common stock consists of common stock that for each of the 10 consecutive trading days immediately prior to and including the Entitlement Date has been admitted for listing or admitted for listing subject to notice of issuance on a national securities

exchange or quoted on the Nasdaq Stock Market; provided, however, that a Fundamental Change will not be a Common Stock Fundamental Change unless either:

- o we continue to exist after the occurrence of the Fundamental Change and the outstanding TIDES continue to exist as outstanding TIDES, or
- o not later than the occurrence of such Fundamental Change, the outstanding debentures are converted into or exchanged for debentures of a corporation succeeding to the business of our company, which debentures have terms substantially similar to those of the debentures.

"Entitlement Date" means the record date for determination of the holders of our common stock entitled to receive securities, cash or other property in connection with a Non-Stock Fundamental Change or a Common Stock Fundamental Change or, if there is no record date, the date on which holders of our common stock will have the right to receive such securities, cash or other property.

"Fundamental Change" means the occurrence of any transaction or event in connection with a plan under which all or substantially all of our common stock will be exchanged for, converted into, acquired for or constitute solely the right to receive securities, cash or other property (whether by means of an exchange offer, liquidation, tender offer, consolidation, merger, combination, reclassification, recapitalization or otherwise); provided that, in the case of a plan involving more than one of these transactions or events, for purposes of adjustment of the conversion price, the Fundamental Change will be deemed to have occurred when substantially all of our common stock will be exchanged for, converted into, or acquired for or constitute solely the right to receive securities, cash, or other property, but the adjustment will be based upon the highest weighted average per share consideration that a holder of our common stock could have received in that transaction or event as a result of which more than 50% of our common stock will have been exchanged for, converted into, or acquired for or constitute solely the right to receive securities, cash or other property. The Northwest Transaction did not, and our continuing stock buyback program would not, constitute a Fundamental Change.

"Non-Stock Fundamental Change" means any Fundamental Change other than a Common Stock Fundamental Change.

"Optional Redemption Ratio" means a fraction of which the numerator is \$50 and the denominator is the then current redemption price or, prior to November 20, 2003, an amount per TIDES determined by us in our sole discretion, after consultation with an investment banking firm, to be the equivalent of the hypothetical redemption price that would have been applicable if the TIDES had been redeemable during such period.

"Purchaser Stock Price" means, with respect to any Common Stock Fundamental Change, the average of the Closing Prices for the common stock received in the Common Stock Fundamental Change for the 10 consecutive trading days prior to and including the Entitlement Date, as adjusted in good faith by us to appropriately reflect any of the events referred to in the first paragraph under the "--Conversion Price Adjustments--General" section of this prospectus.

"Reference Market Price" initially means \$32.67 (which is an amount equal to 662/3% of the last reported sale price for our common stock on the New York Stock Exchange Composite Transactions Tape on November 6, 2000), and, in the event of any adjustment to the conversion price, other than as a result of a Non-Stock Fundamental Change, the Reference Market Price will also be adjusted so that the ratio of the Reference Market Price to the conversion price after giving effect to the adjustment will always be the same as the ratio of \$32.67 to the initial conversion price of the TIDES.

"Relevant Price" means (a) in the case of a Non-Stock Fundamental Change in which the holder of our common stock receives only cash, the amount of cash received by the holder of one share of our common stock; and (b) in the event of any other Non-Stock Fundamental Change or any Common Stock Fundamental Change, the average of the daily Closing Prices for our common stock during the 10 consecutive trading days prior to and including the Entitlement Date, in each case as adjusted in good faith by us to appropriately reflect any of the events referred to in the first paragraph under the "--Conversion Price Adjustments--General" section of this prospectus.

Mandatory Redemption

When the debentures are repaid in full at their stated maturity or the debentures are redeemed in whole or in part (other than following any distribution of the debentures to the holders of the TIDES and common securities), the proceeds from the repayment or redemption of the debentures will be applied to redeem, on a pro rata basis, an equivalent liquidation amount of TIDES and common securities. The redemption price for each TIDES on any such redemption will be equal to:

- o the liquidation amount of each TIDES plus any accrued and unpaid distributions on the TIDES in the case of (a) the repayment of the debentures at their stated maturity or (b) the redemption of the debentures in some limited circumstances upon the occurrence of a tax event, or
- o the redemption price described under the "Description of Debentures--Redemption--Optional Redemption" section of this prospectus in the case of an optional redemption of the debentures on or after November 20, 2003.

Redemption Procedures

If the trust gives a redemption notice for the TIDES, then, by 12:00

noon, New York City time, on the redemption date and provided that we have paid to the property trustee a sufficient amount of cash for the redemption, and the TIDES are held in global form, the property trustee will:

- o deposit with DTC funds sufficient to pay the applicable redemption price, and
- o give DTC irrevocable instructions and authority to pay the applicable redemption price to the holders of the TIDES.

For TIDES held in certificated form, the property trustee will:

- o deposit with the paying agent for the TIDES funds sufficient to pay the applicable redemption price, and
- o give the paying agent irrevocable instructions and authority to pay the redemption price to the holders of the TIDES upon surrender of their certificates evidencing the TIDES.

Distributions payable on or prior to the applicable redemption date will be payable to the holders of the TIDES on the relevant record dates for the related distribution dates. If notice of redemption has been given and funds have been deposited as required, then upon the date of the deposit, all rights of the holders of the TIDES will cease, except the right of the holders of the TIDES to receive the applicable redemption price, but without interest on such redemption price, and the TIDES will cease to be outstanding.

If a date fixed for redemption is not a business day, then payment of the redemption price payable on that date will be made on the next day that is a business day, and without any interest or other payment because of the delay. However, if the next business day falls in the next calendar year, the payment will be made on the immediately preceding business day. Payment made in either of these cases will have the same effect as if made on the date fixed for redemption. If payment of the redemption price is improperly withheld or refused and not paid either by the property trustee or by us pursuant to the guarantee, distributions on the TIDES will continue to accrue from the original redemption date of the TIDES to the date the redemption price is actually paid. In that case, the actual payment date will be the date fixed for redemption for purposes of calculating the redemption price and accrued interest.

Subject to applicable law, we or our subsidiaries may at any time purchase outstanding TIDES by tender, in the open market or by private agreement.

If we desire to consummate an optional redemption we must send a notice to each holder of TIDES at its registered address in accordance with the notice procedures set forth under the "Description of Debentures--Redemption--Optional Redemption" section of this prospectus. Notice of a redemption due to a tax event must be mailed at least 20 days but not more than 60 days before the redemption date to each holder of TIDES. Notice of repayment at the stated maturity of the debentures is not required.

Tax Event or Investment Company Event Redemption or Distribution

Tax Event

If a tax event occurs, we will cause the trustees to dissolve the trust and, after satisfaction of liabilities to creditors of the trust as required by applicable law, distribute the debentures to the holders of the TIDES within 90 days following the occurrence of the tax event. However, such a liquidation and distribution will be conditioned on:

- o the trustees' receipt of an opinion of nationally recognized independent tax counsel experienced in such matters that the holders of the TIDES will not recognize any income, gain or loss for U.S. federal income tax purposes as a result of distribution of the debentures, and
- o our being unable to avoid the tax event within the 90-day period by taking some ministerial action or pursuing some other reasonable measure that, in our sole judgment, will have no adverse effect on the trust, us or the holders of the TIDES and will involve no material cost.

Furthermore, if a tax event occurs and:

- o we receive an opinion of nationally recognized independent tax counsel experienced in such matters that, as a result of a tax event, there is more than an insubstantial risk that we would be precluded from deducting the interest on the debentures for U.S. federal income tax purposes, even after the debentures were distributed to the holders of the TIDES upon liquidation of the trust as described above, or
- o the trustees are informed by such tax counsel that it cannot deliver the opinion contemplated by the immediately preceding paragraph,

then we will have the right, upon not less than 20 nor more than 60 days' notice and within 90 days following the occurrence and continuation of the tax event, to redeem the debentures, in whole, but not in part, for cash, for the principal amount of the debentures plus accrued and unpaid interest on the debentures and, following the redemption, all the TIDES will be redeemed by the trust at their aggregate liquidation amount plus accrued and unpaid distributions on the TIDES. However, if at the time there is available to us or the trust the opportunity to eliminate, within a 90-day period, the tax event by taking some ministerial action or pursuing some other reasonable measure that, in our sole judgment, will have no adverse effect on us, the trust or the holders of the TIDES and

will involve no material cost, either we or the trust will pursue such measure in lieu of redemption. In lieu of the foregoing options, we will also have the option of causing the TIDES to remain outstanding and pay additional sums on the debentures as described below in the "Description of Debentures--Additional Sums" section of this prospectus.

A tax event will occur upon the receipt by the property trustee of an opinion of a nationally recognized independent tax counsel experienced in such matters to the effect that, on or after the date of original issuance of the TIDES, as a result of:

- o any amendment to or change, including any announced prospective change (provided that a tax event will not occur more than 90 days before the effective date of any such prospective change), in the laws of the U.S. or any political subdivision or taxing authority thereof or therein,
- o any judicial decision or official administrative pronouncement, ruling, regulatory procedure, notice or announcement, including any notice or announcement of intent to adopt such procedures or regulations, or
- o any amendment to or change in the administrative position or interpretation of any judicial decision or official administrative pronouncement, ruling, regulatory procedure, notice or announcement, or judicial decision that differs from the previously generally accepted position, in each case, by any legislative body, court, governmental agency or regulatory body, irrespective of the manner in which such amendment or change is made known, which amendment or change is effective or such amendment or change is announced,

there is more than an insubstantial risk that:

- o if the debentures are held by the property trustee, (a) the trust is, or will be within 90 days of the date of the opinion, subject to U.S. federal income tax with respect to interest accrued or received on the debentures or subject to more than a de minimis amount of other taxes, duties or other governmental charges or (b) any portion of interest payable by us to the trust on the debentures is not, or within 90 days of the date of the opinion will not be, deductible by us in whole or in part for U.S. federal income tax purposes, or
- o with respect to debentures that are no longer held by the property trustee, any portion of interest payable by us on the debentures is not, or within 90 days of the date of the opinion will not be, deductible by us in whole or in part for U.S. federal income tax purposes.

Investment Company Event

If an investment company event occurs and is continuing, we will cause the trustees to dissolve the trust and, after satisfaction of liabilities to creditors of the trust as required by applicable law, cause the debentures to be distributed to the holders of the TIDES in liquidation of the trust within 90 days following the occurrence of the investment company event.

An investment company event will occur upon the receipt by the property trustee of an opinion of nationally recognized independent securities counsel to the effect that on or after the date of original issuance of the TIDES, as a result of a change in law or regulation or a written change in interpretation or application of law or regulation by any legislative body, court, governmental agency or regulatory authority, the trust is or will be considered an investment company that is required to be registered under the Investment Company Act of 1940.

The distribution by us of the debentures will effectively result in the cancellation of the TIDES.

Liquidation of the Trust and Distribution of the Debentures

We have the right at any time to dissolve the trust and, after satisfaction of liabilities to creditors of the trust as required by applicable law, cause an equivalent principal amount of the debentures to be distributed to the holders of the TIDES in liquidation of the trust.

In addition, the trust will automatically dissolve upon the first to occur of:

- o specified events of bankruptcy, dissolution or liquidation of Continental,
- o our election to distribute all of the debentures to the holders of the TIDES and the common securities in exchange for all of the TIDES and common securities in accordance with the terms of the TIDES and common securities,
- o redemption of all the TIDES and common securities as described under "--Mandatory Redemption" above,
- o conversion of all outstanding TIDES and the trust's common securities as described under "--Conversion Rights" above,
- o November 15, 2050, the expiration of the trust's term, and
- o a decree of judicial dissolution of the trust.

If an early dissolution occurs as described in the first, second or sixth bullet points above, the trustees will liquidate the trust as expeditiously as possible by distributing, after satisfaction of liabilities to the trust's creditors as required by applicable law, to the holders of the TIDES and common securities an equivalent principal amount of debentures. However, if the distribution of debentures is not practical, the holders of TIDES will be entitled to receive out of the assets of the trust available for distribution to holders of TIDES, an amount equal to the aggregate liquidation amount of the TIDES plus accrued and unpaid distributions of the TIDES to the date of payment. If this amount can be paid only in part because the trust has insufficient assets available to pay the full amount, then the amounts payable directly by the trust on the TIDES will be paid on a pro rata basis. We, as holder of the common securities, will be entitled to receive distributions upon any such liquidation pro rata with the holders of the TIDES. However, if an event of default under the indenture or declaration of trust has occurred and is continuing, the TIDES will have a priority over the common securities with respect to any distributions.

On and after the liquidation date fixed for any distribution of debentures to holders of the TIDES and common securities:

- o the TIDES will no longer be deemed to be outstanding,
- o DTC or its nominee, as the record holder of the TIDES, will receive a registered global certificate or certificates representing the debentures to be delivered upon such distribution with respect to TIDES held by DTC or its nominee, and
- o any certificates representing TIDES not held by DTC or its nominee will be deemed to represent debentures having a principal amount equal to the liquidation amount of such TIDES and bearing accrued and unpaid interest in an amount equal to the accumulated and unpaid distributions on such TIDES until certificates are presented to the administrative trustees or their agent for cancellation, whereupon we will issue to such holder, and the debenture trustee will authenticate, a certificate representing the debentures.

Subordination of Common Securities

Payment on the TIDES will be made pro rata with payments on the common securities based on the liquidation amount of the securities. However, if on a distribution date or redemption date, as the case may be, an event of default under the indenture or declaration of trust has occurred and is continuing, no payment may be made on the common securities.

In the case of any event of default under the declaration of trust resulting from an event of default under the indenture, we, as holder of the common securities, will be deemed to have waived any right to act with respect to any such event of default under the declaration of trust until the effect of all such events of default have been cured, waived or otherwise eliminated. Until all of the events of default under the declaration of trust have been cured, waived or otherwise eliminated, the property trustee will act solely on behalf of the holders of the TIDES and not on our behalf, and only the holders of the TIDES will have the right to direct the property trustee to act on their behalf.

Events of Default; Notice

Any one of the following events constitutes an event of default under the declaration of trust:

- o the occurrence of an event of default under the indenture,
- o default by the trust in the payment of any distribution when it becomes due and payable, and continuation of such default for a period of 30 days (subject to the deferral of any due date in the case of a deferral period),
- o default by the trust in the payment of any redemption price of any TIDES when it becomes due and payable,
- o default in the performance, or breach, in any material respect, of any other covenant or warranty of the trustees in the declaration of trust, and continuation of such default or breach for a period of 60 days after there has been given written notice of the breach by the holders of at least 25% in aggregate liquidation amount of the outstanding TIDES, or
- o the occurrence of certain events of bankruptcy or insolvency with respect to the property trustee and our failure to appoint a successor property trustee within 60 days thereof.

We and the administrative trustees are required to file annually with the property trustee a certificate as to whether or not we are in compliance with all the conditions and covenants applicable to us under the declaration of trust.

Removal of Trustees

Unless an event of default under the indenture occurs and is continuing, we may remove any trustee at any time. If an event of default under the indenture has occurred and is continuing, the property trustee and the Delaware trustee may be removed at that time only by the holders of a majority in liquidation amount of the outstanding TIDES. The holders of the TIDES do not have the right to appoint, remove or replace the administrative trustees. We have the exclusive right, as the holder of the common securities, to appoint,

remove or replace the administrative trustees. A resignation or removal of the Delaware trustee or the property trustee and an appointment of a successor trustee will not be effective until the acceptance of appointment by the successor trustee in accordance with the provisions of the declaration of trust.

Co-trustees and Separate Property Trustee

Unless an event of default under the indenture has occurred and is continuing, at any time, for the purpose of meeting the legal requirements of the Trust Indenture Act or of any jurisdiction in which any part of the trust's property may at the time be located, we, as the holder of the common securities, and the administrative trustees may appoint one or more persons either to act as a co-trustee, jointly with the property trustee, of all or any part of the trust's property, or to act as separate trustee of any of the trust's property. If an event of default under the indenture has occurred and is continuing, the property trustee alone will have the power to make the appointment.

Mergers, Consolidations, Amalgamations or Replacements of the Trust

The trust may not merge with or into, consolidate, amalgamate or be replaced by, or convey, transfer or lease its properties and assets substantially as an entirety to any corporation or other person, except as described below or as otherwise set forth in the declaration of trust. The trust may, with the consent of the administrative trustees and without the consent of the holders of the TIDES, the property trustee or the Delaware trustee, merge with or into, consolidate, amalgamate or be replaced by, or convey, transfer or lease its properties and assets substantially as an entirety to, a trust organized under the laws of any state of the United States or the District of Columbia if:

- o if the trust is not the surviving entity, the successor entity either (a) expressly assumes all of the obligations of the trust with respect to the TIDES or (b) substitutes for the TIDES other securities having substantially the same terms as the TIDES so long as the successor securities rank the same as the TIDES,
- o a trustee of the successor entity possessing the same powers and duties as the property trustee as the holder of the debentures is appointed,
- o the TIDES or any successor securities are listed, or any successor securities will be listed upon notification of issuance, on any national securities exchange or other organization on which the TIDES are then listed or quoted, if any,
- o the transaction does not cause the TIDES (including any successor securities) to be downgraded by any nationally recognized statistical rating agency then rating the TIDES,
- o the transaction does not adversely affect the rights, preferences and privileges of the holders of the TIDES (including any successor securities) in any material respect,
- o the successor entity has a purpose substantially identical to that of the trust,
- o prior to the transaction, we receive an opinion from independent counsel experienced in such matters to the effect that (a) the successor entity will be treated as a grantor trust for U.S. federal income tax purposes, (b) following the transaction, neither the trust nor the successor entity will be required to register as an investment company under the 1940 Act, and (c) the transaction will not adversely affect the limited liability of the holders of the trust securities (including any successor securities),
- o we or any permitted successor or assignee will own all of the common securities of the successor entity and will guarantee the obligations of the successor entity under the successor securities at least to the extent provided by the guarantee, and
- o the transaction is not a taxable event for holders of the TIDES.

Notwithstanding the foregoing, the trust will not, except with the consent of holders of 100% in liquidation amount of the TIDES and common securities, consolidate, amalgamate, merge with or into, or be replaced by or convey, transfer or lease its properties and assets substantially as an entirety to, any other entity or permit any other entity to consolidate, amalgamate, merge with or into, or replace it, if the transaction would cause the trust or the successor entity to be classified as an association taxable as a corporation, or substantially increase the likelihood that the trust or the successor entity would not be classified as a grantor trust for U.S. federal income tax purposes.

Voting Rights; Amendment of the Declaration

Except as provided below and under the "Description of Guarantee--Amendments and Assignment" section of this prospectus and as otherwise required by law and the declaration of trust, the holders of the TIDES have no voting rights.

In addition to the rights of the holders of TIDES to enforce payment to the trust of the principal or interest on the debentures described in the "Description of Debentures--Enforcement of Certain Rights by Holders of TIDES" section of this prospectus, if an event of default under the indenture occurs and is continuing or we default under the guarantee with respect to the TIDES, then the holders of the TIDES will be entitled by the majority vote of the

holders to appoint a special trustee. Any holder of TIDES other than us and our affiliates will be entitled to nominate a special trustee. Not later than 30 days after the right to appoint a special trustee arises, the trustees will convene a meeting of the holders of the TIDES for the purpose of appointing a special trustee. If the trustees fail to convene the meeting within the 30-day period, the holders of not less than 10% of the aggregate liquidation amount of the outstanding TIDES will be entitled to convene the meeting. Any appointed special trustee will cease to be a special trustee if the event that caused the appointment is cured. Regardless of the appointment of a special trustee, we will retain all rights under the indenture.

We, the property trustee and the administrative trustees may amend the declaration of trust without the consent of the holders of the TIDES:

- o to cure any ambiguity, correct or supplement any provision in the declaration of trust that may be inconsistent with any other provision of the declaration of trust, or to make provisions with respect to ministerial matters or questions arising under the declaration of trust, which are not inconsistent with the other provisions of the declaration of trust, or
- o to modify, eliminate or add to any provisions of the declaration of trust to the extent as is necessary to ensure that (a) the trust will not be taxable as a corporation and will continue to be classified for U.S. federal income tax purposes as a grantor trust at all times that any TIDES or common securities are outstanding or (b) the trust will not be required to register as an "investment company" under the 1940 Act.

However, in the case described in the first bullet point above, the action must not adversely affect in any material respect the interests of any holder of TIDES.

For amendments not described above, we and the trustees may only amend the declaration of trust if:

- o we obtain the consent of holders representing not less than a majority of the aggregate liquidation amount of TIDES outstanding, and
- o the trustees receive an opinion of counsel that the amendment will not affect the trust's status as a grantor trust for U.S. federal income tax purposes or the trust's exemption from being an "investment company" under the 1940 Act.

In addition, the declaration of trust may not be amended without the consent of each holder of TIDES to:

- o change or adversely affect the amount or timing of any distribution on the TIDES, or
- o restrict the right of a holder of TIDES to sue to enforce the payment of a distribution.

So long as any debentures are held by the trust, the trustees will not:

- o direct the time, method and place of conducting any proceeding for any remedy available to the debenture trustee, or executing any trust or power conferred on the property trustee with respect to the debentures,
- o waive any past default that is waivable under the indenture,
- o exercise any right to rescind or annul a declaration of acceleration of the maturity of the principal of the debentures, or
- o consent to any amendment, modification or termination of the indenture or the debentures, where the consent is required,

without, in each case, obtaining the prior approval of the holders of a majority in aggregate liquidation amount of all outstanding TIDES.

However, where a consent under the indenture would require the consent of each holder of debentures affected by the consent, the property trustee may not give such consent without the prior consent of each holder of the TIDES. The trustees will not revoke any action previously authorized or approved by a vote of the holders of the TIDES except by subsequent vote of the holders. The property trustee will notify each holder of TIDES of any notice of default with respect to the debentures. In addition to obtaining the foregoing approvals of the holders of the TIDES, prior to taking any of the foregoing actions, the trustees will obtain an opinion of counsel experienced in these matters that the action will not affect the trust's status as a grantor trust for U.S. federal income tax purposes on account of the action.

Any required approval of holders of TIDES may be given at a meeting of the holders of TIDES convened for that purpose or by a written consent. Notice of any meeting at which holders of TIDES are entitled to vote will be given to each holder of record of TIDES in the manner set forth in the declaration of trust.

No vote or consent of the holders of TIDES is required for the trust to redeem and cancel the TIDES in accordance with the declaration of trust.

Even though holders of the TIDES may be entitled to vote or consent under any of the circumstances described above, any of the TIDES that are owned by Continental, the trustees or any affiliate of Continental or any trustee, will, for purposes of any vote or consent, be treated as if they were not

outstanding.

Expenses and Taxes

In the indenture, we have agreed to pay all present and future costs, expenses, debts and other obligations, including taxes, other than withholding taxes, of the trust. However, these costs, expenses, debts and obligations do not include payment obligations of the trust to the holders of the TIDES.

Form, Book-Entry Procedures and Transfer

TIDES sold to "qualified institutional buyers" as defined in Rule 144A under the Securities Act were issued in the form of a fully registered global certificate. The global certificate was deposited on the date of original issuance of the TIDES with DTC and registered in the name of Cede & Co., as nominee of DTC. Except as set forth below, the global certificate may be transferred, in whole and not in part, only to DTC or another nominee of DTC. Investors may hold their beneficial interests in the global certificate directly through DTC if they have an account with DTC or indirectly through organizations that have accounts with DTC.

DTC has advised us as follows: DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities of institutions that have accounts with DTC, known as participants, and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to DTC's book-entry system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, whether directly or indirectly.

Upon the issuance of the global certificate, DTC credited, on its book-entry registration and transfer system, the principal amount of the global certificate to the accounts of participants. The accounts credited were designated by the initial purchasers. Ownership of beneficial interests in the global certificate will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interests in the global certificate will be shown on, and the transfer of those ownership interests will be effected only through, records maintained by DTC and its participants. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of securities in definitive form. These limits and laws may impair a person's ability to transfer or pledge beneficial interests in the global certificate.

So long as DTC or its nominee is the registered holder and owner of the global certificate, DTC or its nominee, as the case may be, will be considered the sole legal owner and holder of the TIDES represented by the certificate for all purposes of the declaration of trust, the guarantee and the indenture. Except as described below, owners of beneficial interests in the global certificate will not be entitled to have the TIDES represented by the global certificate registered in their names, will not receive or be entitled to receive physical delivery of certificated TIDES in definitive form and will not be considered to be the owners or holders of any TIDES under the declaration of trust, the guarantee or the indenture. We understand that under existing industry practice, in the event an owner of a beneficial interest in the global certificate desires to take any action that DTC, as the holder of the global certificate, is entitled to take, DTC would authorize the participants to take such action, and that the participants would authorize beneficial owners owning through such participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Payment of amounts with respect to the TIDES represented by the global certificate registered in the name of and held by DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner and holder of the global certificate.

We expect that DTC or its nominee, upon receipt of payment of amounts with respect to the global certificate, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the liquidation amount of the global certificate as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in the global certificate held through such participants will be governed by standing instructions and customary practices and will be the responsibility of such participants. Neither the trust nor we have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the global certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or for any other aspect of the relationship between participants or the relationship between such participants and the owners of beneficial interests in DTC and its participants or the relationship between such participants and the owners of beneficial interests in the global certificate owning through such participants.

Unless and to the extent they are exchanged in whole or in part for certificated TIDES in definitive form, the global certificate may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in the global certificate among participants of DTC, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

Neither the trust nor we will be liable for any delay by DTC or any participant or indirect participant in identifying the beneficial owners of the TIDES, and we and the trust may conclusively rely on, and will be protected in relying on, instructions from DTC for all purposes (including with respect to the registration and delivery, and their respective liquidation amounts, of the TIDES to be issued).

The information in this prospectus concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable. Neither the trust nor we will have any responsibility for the performance by DTC or its participants of their respective obligations as described in this prospectus or under the rules and procedures governing their respective operations.

Certificated TIDES

The TIDES represented by the global certificate are exchangeable for certificated TIDES in definitive form only if:

- o DTC notifies us or the trust that it is unwilling or unable to continue as depository for the global certificate or if at any time DTC ceases to be a clearing agency registered under the Exchange Act,
- o we, or the trust, in our discretion at any time determine not to have all of the TIDES evidenced by the global certificate, or
- o a default entitling the holders of the TIDES to accelerate the maturity of the TIDES has occurred and is continuing.

Payments and Paying Agency

Payments in respect of the global certificate will be made to DTC. DTC will credit the relevant accounts at DTC on the applicable distribution dates. For any TIDES that are not held by DTC, payment will be made by check mailed to the address of the holder entitled to payment as the address appears on the register. The paying agent is currently the property trustee. The paying agent will be permitted to resign upon 30 days' written notice to the property trustee, the administrative trustees and us. In the event that the property trustee is no longer willing to be the paying agent, the administrative trustees will appoint a successor, which will be a bank or trust company acceptable to the administrative trustees and to us, to act as paying agent.

The property trustee has informed the trust that so long as it serves as paying agent for the TIDES, it anticipates that information regarding distributions on the TIDES, including payment date, record date and redemption information, will be made available through Wilmington Trust Company.

Registrar, Conversion Agent and Transfer Agent

The property trustee acts as registrar and conversion agent for the TIDES. The property trustee acts as initial transfer agent for certificated TIDES and may designate additional or substitute transfer agents at any time. Registration of transfers of certificated TIDES will be effected without charge by or on behalf of the trust upon payment of any tax or other government charges that may be imposed in relation to the transfer. The trust is not required to register the transfer of or exchange certificated TIDES during the period beginning at the opening of business 15 days before any selection of certificated TIDES to be redeemed and ending at the close of business on the day of that selection or any certificated TIDES called for redemption.

Information Concerning the Property Trustee

The property trustee, other than during the occurrence and continuance of an event of default, undertakes to perform only the duties that are specifically described in the declaration of trust. During the existence of an event of default under the declaration of trust, the property trustee must exercise the same degree of care and skill as a prudent person would exercise or use in the conduct of his or her own affairs. Subject to this provision, the property trustee is under no obligation to exercise any of the powers vested in it by the declaration of trust at the request of any holder of TIDES unless it is offered reasonable indemnity against any costs, expenses and liabilities that might be incurred by the property trustee. If no event of default has occurred and is continuing and the property trustee is required to decide between alternative causes of action, construe ambiguous provisions in the declaration of trust or is unsure of the application of any provision of the declaration of trust, and the matter is not one on which holders of the TIDES or the common securities are entitled under the declaration of trust to vote, then the property trustee will take such action as is directed by us. If we do not direct the property trustee to take action, the property trustee will take the action that it deems advisable and in the best interests of the holders of the TIDES and common securities and will have no liability except for its own bad faith, negligence or willful misconduct.

Miscellaneous

The administrative trustees are authorized and directed to conduct the affairs of and to operate the trust in such a way that:

- o the trust will not be deemed to be an "investment company" required to be registered under the 1940 Act,
- o the trust will not be classified as an association taxable as a corporation for U.S. federal income tax purposes or in a way that would substantially increase the risk that the trust would be classified as other than a grantor trust for U.S. federal income tax purposes, and

- o the debentures will be treated as our indebtedness for U.S. federal income tax purposes.

In this connection, we and the administrative trustees are authorized to take any action, not inconsistent with applicable law, the certificate of trust or the declaration of trust, that we and the administrative trustees determine in our discretion to be necessary or desirable for these purposes, as long as the action does not materially adversely affect the interests of the holders of the TIDES and common securities. Holders of the TIDES and common securities have no preemptive or similar rights. The trust may not borrow money or issue debt or mortgage or pledge any of its assets.

Governing Law

The declaration of trust and the TIDES are governed by and construed in accordance with the laws of the State of Delaware.

DESCRIPTION OF DEBENTURES

We issued the debentures under an indenture between us and Wilmington Trust Company, as trustee. The indenture is qualified under the Trust Indenture Act and incorporates certain provisions of the Trust Indenture Act. We have summarized selected provisions of the indenture and the debentures. This summary is not complete, and is subject to and is qualified in its entirety by reference to all of the provisions of the indenture. The form of indenture is filed as an exhibit to the registration statement of which this prospectus is a part.

General

Concurrently with the issuance of the TIDES and common securities, the trust invested the proceeds in debentures issued by us. The debentures bear interest at the rate of 6% per annum from November 10, 2000. Interest is payable quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, beginning February 15, 2001, to the person in whose name each debenture is registered, subject to certain exceptions, at the close of business on the first day of the month of the applicable interest payment date. It is anticipated that, until the liquidation of the trust, each debenture will be registered in the name of the trust and held by the property trustee for the benefit of the holders of the TIDES and common securities.

The amount of interest payable for any period is computed on the basis of the number of days elapsed in a 360-day year consisting of 12 30-day months. If an interest payment date is not a business day, then we will make the payment of the interest on the next day that is a business day, without any additional interest or other payment due to the delay.

Accrued interest that is not paid on the applicable interest payment date will bear additional interest compounded quarterly from the relevant interest payment date. The term "interest" as used in this prospectus includes quarterly interest payments, interest on quarterly interest payments not paid on the applicable interest payment date, special interest (as described in the "Registration Rights" section of this prospectus) and additional sums (as described in "--Additional Sums"), as applicable.

Unless previously redeemed or repurchased in accordance with the indenture, the debentures will mature on November 15, 2030.

The debentures are unsecured and rank junior and are subordinate in right of payment to all of our senior obligations and effectively subordinated to all existing and future liabilities of our subsidiaries. The indenture does not limit the incurrence or issuance of other secured or unsecured debt by us or any of our subsidiaries, including senior obligations.

Option to Extend Interest Payment Date

We can, on one or more occasions, defer interest payments on the debentures for up to 20 consecutive quarterly periods unless an event of default under the indenture has occurred and is continuing. Thus, we will not be obligated to pay interest on the debentures during a deferral period. We do not currently intend to defer interest payments on the debentures.

We may extend a deferral period prior to the period's termination. However, we may not extend a deferral period, including all previous and further extensions of the period, beyond 20 consecutive quarterly interest periods or the maturity date of the debentures. On the interest payment date occurring at the end of each deferral period, we will pay to the holders of debentures all accrued and unpaid interest on the debentures, together with interest on that interest at the stated annual rate, compounded quarterly, to the extent permitted by applicable law. Once we make all interest payments due on the debentures, we can commence a new deferral period, subject to the same limitations. Consequently, there could be multiple deferral periods of varying lengths throughout the term of the debentures. During a deferral period, interest will continue to accrue and holders of the debentures (and holders of the TIDES while the TIDES are outstanding) will be required to recognize interest income for U.S. federal income tax purposes. Please read the "Tax Consequences--U.S. Holders--Interest Income and Original Issue Discount" section of this prospectus.

We will be subject to restrictions during a deferral period on our ability to pay dividends on our capital stock or to make payments on other debt securities that are on a parity with or junior to the debentures. Please read the "--Restrictions on Payments" section of this prospectus.

We must give the property trustee, the administrative trustees and the debenture trustee notice of our election to begin a deferral period at least ten days before the record date for the distributions on the TIDES that would have been payable except for the election to begin or extend the deferral period. The property trustee will give notice of our election to begin or extend a new

deferral period to the holders of the TIDES.

Redemption

Repayment at Maturity, Redemption of Debentures

The debentures must be repaid at their stated maturity, unless earlier redeemed. The circumstances in which we may redeem the debentures prior to their stated maturity are described below. Upon the repayment in full at maturity or redemption (other than following the distribution of the debentures to the holders of the TIDES and common securities), the trust will apply the proceeds from the repayment or redemption to redeem, at the applicable redemption price, an equivalent liquidation amount of TIDES and common securities.

Optional Redemption

We have the right to redeem the debentures in whole or in part, at any time on or after November 20, 2003, upon not less than 20 nor more than 60 days' notice, at a redemption price equal to the following prices per \$50 principal amount of debentures, plus accrued and unpaid interest thereon, if redeemed during the 12-month period ending November 19:

Year	Price Per \$50 Principal Amount
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2004.....	\$51.50
2005.....	\$51.00
2006.....	\$50.50
2007 and thereafter.....	\$50.00

In the event of any not be required:

- o to issue, register the transfer of or exchange any debenture during a period beginning at the opening of business 15 days before any selection of debentures for redemption and ending at the close of business on the earliest date on which the notice of redemption is deemed to have been given to all holders of debentures to be redeemed, and
- o to register the transfer of or exchange any debentures selected for redemption, in whole or in part, except the unredeemed portion of any debenture being redeemed in part.

In no event will we optionally redeem the debentures during a deferral period. Accordingly, prior to optionally redeeming the debentures, all interest accrued and unpaid (together, in the case of a deferral period, with interest thereon, to the extent permitted by law) to the interest payment date immediately preceding the optional redemption date will be paid in full.

Tax Event Redemption

We may also, under limited circumstances within 90 days of the occurrence and continuation of a tax event, redeem the debentures in whole, but not in part, at the aggregate principal amount of the debentures plus accrued and unpaid interest on the debentures to the date of redemption. Please read the "Description of TIDES--Tax Event or Investment Company Event Redemption or Distribution" section of this prospectus.

If we are permitted to consummate the tax event redemption described above and desire to do so, we must mail notice to holders of TIDES at least 20 days but not more than 60 days before the redemption date.

Additional Sums

If the property trustee is the sole holder of all debentures and the trust is required to pay any additional taxes, duties, assessments or other governmental charges as a result of a tax event or otherwise, we will pay as additional amounts on the debentures, referred to in this prospectus as "additional sums," such amounts as are required so that the distributions payable by the trust to holders of TIDES and common securities will not be reduced as a result of the additional taxes, duties, assessments or other governmental changes.

Restrictions on Payments

If any of the following occur:

- o an event of default under the indenture,
- o we are in default in our payment obligations under the guarantee, or
- o we have given notice of our election of a deferral period as provided in the indenture and have not rescinded the notice, or a deferral period is continuing,

then, we covenant that we will not:

- o declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any of our capital stock other than stock dividends paid by us which consist of stock of the same class as that on which the dividend is being paid,
- o make any payment of principal, interest or premium, if any, on or repay or repurchase or redeem any of our debt securities that rank pari passu with or junior in interest to the debentures, or

- o make any guarantee payments with respect to any guarantee by us of the debt securities of any of our subsidiaries if the guarantee ranks pari passu with or junior in interest to the debentures.

However, we may:

- o declare or pay dividends or distributions in our common stock,
- o declare a dividend in connection with the implementation of a stockholders' rights plan, or issue stock under the plan in the future, or redeem or repurchase the rights pursuant to the plan,
- o make payments under the guarantee,
- o purchase shares of our common stock in connection with the satisfaction by us of our obligations under any employee benefit plan or any other of our contractual obligations so long as they do not rank pari passu with or junior in interest to the debentures,
- o do any of the foregoing if it is a result of a reclassification of our capital stock or the exchange or conversion of one class or series of our capital stock for another class or series of our capital stock, or
- o purchase fractional interests in shares of our capital stock pursuant to the conversion or exchange provisions of that capital stock or the security being converted or exchanged.

Modification of Indenture

From time to time we and the debenture trustee may, without the consent of the holders of debentures, amend, waive or supplement the indenture for specified purposes, including, among other things:

- o curing ambiguities, defects or inconsistencies (provided that any such action does not materially adversely affect the interest of the holders of debentures or the holders of the TIDES so long as they remain outstanding), and
- o qualifying, or maintaining the qualification of, the indenture under the Trust Indenture Act.

In addition, we and the debenture trustee, with the consent of the holders of not less than a majority in principal amount of the outstanding debentures, can modify the indenture in a manner affecting the rights of the holders of debentures. However, without the consent of the holder of each affected debenture, we may not:

- o change the stated maturity of the debentures,
- o reduce the principal amount of the debentures,
- o reduce the rate or extend the time of payment of interest on the debentures, or
- o reduce the percentage of principal amount of debentures the consent of whose holders is required to amend, waive or supplement the indenture, or have certain other effects as set forth in the indenture.

Notwithstanding the provisions described above or in the "--Events of Default" section of this prospectus, so long as any of the TIDES remain outstanding, (a) no modification may be made that adversely affects the holders of the TIDES in any material respect, and no termination of the indenture may occur, and no waiver of any event of default under the indenture or compliance with any covenant under the indenture may be effective, without the prior consent of the holders of at least a majority in aggregate liquidation preference of TIDES then outstanding unless and until the principal of and any premium on the debentures and all accrued and unpaid interest thereon has been paid in full, and (b) where a consent under the indenture would require the consent of each holder of debentures, no consent will be given by the property trustee without the prior consent of each holder of the TIDES.

Events of Default

The indenture provides that any one or more of the following described events with respect to the debentures that has occurred and is continuing constitutes an event of default under the indenture:

- o failure for 30 days to pay any interest on the debentures when due (subject to the deferral of any due date in the case of a deferral period),
- o failure to pay any principal or premium, if any, on the debentures when due, whether at maturity, upon redemption, by declaration of acceleration or otherwise,
- o failure to observe or perform certain other covenants contained in the indenture for 60 days after written notice to us from the debenture trustee or the holders of at least 25% in aggregate outstanding principal amount of the debentures,
- o our failure to issue and deliver shares of our common stock upon an election by a holder of TIDES to convert such TIDES,
- o certain events of bankruptcy, insolvency or reorganization of our

company, or

- o the voluntary or involuntary dissolution, winding-up or termination of the trust, except in connection with the distribution of the debentures to the holders of TIDES or common securities in liquidation of the trust, the redemption of all of the TIDES and common securities of the trust, or certain mergers, consolidations or amalgamations, each as permitted by the declaration of trust.

The holders of a majority in aggregate outstanding principal amount of the debentures have the right to direct the time, method and place of conducting any proceeding for any remedy available to the debenture trustee. The debenture trustee or the holders of not less than 25% in aggregate outstanding principal amount of the debentures may declare the principal due and payable immediately upon an event of default under the indenture and, should the debenture trustee or the holders of debentures fail to make such declaration, the holders of at least 25% in aggregate liquidation amount of the TIDES will have such right. The holders of a majority in aggregate outstanding principal amount of the debentures may annul the declaration and waive the default if the default (other than the non-payment of the principal of the debentures which has become due solely by such acceleration) has been cured and a sum sufficient to pay all matured installments of interest and principal due otherwise than by acceleration has been deposited with the debenture trustee. Should the holders of debentures fail to annul the declaration and waive the default, the holders of a majority in aggregate liquidation amount of the TIDES will have such right.

The holders of a majority in aggregate outstanding principal amount of the debentures affected thereby may, on behalf of the holders of all the debentures, waive any past default, except a default in the payment of principal of (or premium, if any) or interest (unless the default has been cured and a sum sufficient to pay all matured installments of interest and principal due otherwise than by acceleration has been deposited with the debenture trustee) or a default in respect of a covenant or provision which under the indenture cannot be modified or amended without the consent of the holder of each outstanding debenture. Should the holders of such debentures fail to annul the declaration and waive such default, the holders of a majority in aggregate liquidation amount of the TIDES will have such right. We are required to file annually with the debenture trustee a certificate as to whether or not we are in compliance with all the conditions and covenants applicable to us under the indenture.

If an event of default under the indenture has occurred and is continuing, the property trustee will have the right to declare the principal of and the interest on the debentures, and any other amounts payable under the indenture, to be due and payable and to enforce its other rights as a creditor with respect to the debentures.

Enforcement of Certain Rights by Holders of TIDES

If an event of default under the indenture has occurred and is continuing and is attributable to our failure to pay interest or principal on the debentures on the date such interest or principal is otherwise payable, a holder of TIDES may institute a direct action against us. We may not amend the indenture to remove the right to bring a direct action against us without the prior written consent of the holders of all of the TIDES. Notwithstanding any payments made to a holder of TIDES by us in connection with a direct action against us, we will remain obligated to pay the principal of and interest on the debentures, and will be subrogated to the rights of the TIDES holders with respect to payments on the TIDES to the extent of any payments made by us to such holder in any direct action against us.

The holders of the TIDES are not able to exercise directly any remedies, other than those set forth in the preceding paragraph, available to the holders of the debentures unless there is an event of default under the declaration of trust.

Consolidation, Merger, Sale of Assets and Other Transactions

The indenture provides that we may not consolidate with or merge with or into any other person or convey, transfer or lease our properties and assets substantially as an entirety to any person, and no person may consolidate with or merge with or into us or convey, transfer or lease its properties and assets substantially as an entirety to us, unless:

- o in case we consolidate with or merge with or into another person or convey or transfer our properties and assets substantially as an entirety to any person, the successor person is organized under the laws of the United States or any state of the United States or the District of Columbia, and the successor person expressly assumes our obligations on the debentures and provides for conversion rights in accordance with the terms of the indenture,
- o immediately after giving effect to the transaction, no event of default under the indenture, and no event which, after notice or lapse of time or both, would become an event of default under the indenture, will have occurred and be continuing,
- o if at the time any TIDES are outstanding, the transaction is permitted under the declaration of trust and the guarantee and does not give rise to any breach or violation of the declaration of trust or the guarantee, and
- o other conditions as specified in the indenture are met.

The general provisions of the indenture do not afford holders of the debentures protection in the event of a highly leveraged or other transaction involving us that may adversely affect holders of the debentures.

Subordination

In the indenture, we have covenanted and agreed that the debentures will be subordinate and junior in right of payment to all our senior obligations to the extent provided in the indenture. Upon any payment or distribution of assets to creditors upon any liquidation, dissolution, winding-up, reorganization, assignment for the benefit of creditors, marshaling of assets or any bankruptcy, insolvency, debt restructuring or similar proceedings in connection with any insolvency or bankruptcy proceeding of us, the holders of our senior obligations will first be entitled to receive payment in full before the holders of debentures will be entitled to receive or retain any payment.

If the maturity of the debentures is accelerated, the holders of all our senior obligations outstanding at the time of the acceleration will be entitled to receive payment in full of all amounts due on the senior obligations, including any amounts due upon acceleration, before the holders of the debentures will be entitled to receive or retain any payment of the principal of, and premium and interest, if any, on, the debentures.

In the event that we default in the payment of any principal of, or premium or interest on, any of our senior obligations, and such default continues beyond the period of grace, if any, specified in the instrument evidencing the senior obligations, then, unless and until the default is cured or waived or ceases to exist or all senior obligations are paid, no direct or indirect payment may be made or agreed to be made for principal of, and premium and interest, if any, on, the debentures, or in respect of any redemption, repayment, retirement, purchase or other acquisition of any of the debentures.

The term "senior obligations" as used in this prospectus means (1) the principal of, and premium and interest, if any, on all of our debt and (2) any amount payable in respect of a long-term operating lease of aircraft or aircraft engines, in each case whether outstanding on the date of execution of the indenture or thereafter created, assumed or incurred, unless the debt or lease obligations are expressly stated to rank junior in right of payment to, or *pari passu* in right of payment with, the debentures.

However, senior obligations do not include:

- o any of our debt which, when incurred and without respect to any election under Section 1111(b) of the U.S. Bankruptcy Code of 1978, was without recourse to us,
- o trade accounts payable and accrued liabilities arising in the ordinary course of business,
- o any of our debt to any of our subsidiaries,
- o debt to any of our employees, and
- o debt which by its terms is subordinated to trade accounts payable or accrued liabilities arising in the ordinary course of business to the extent that payments made to the holders of such debt by the holders of the debentures as a result of the subordination provisions of the indenture would be greater than such payments otherwise would have been as a result of any obligation of such holders of such debt to pay amounts over to the obligees on such trade accounts payable or accrued liabilities arising in the ordinary course of business as a result of subordination provisions to which such debt is subject.

The term "debt" as used in this prospectus means:

- o the principal of, and premium and interest, if any, on, indebtedness for money borrowed, together with all fees, indemnities and expenses payable under such obligations,
- o purchase money and similar obligations,
- o obligations under capital leases,
- o guarantees, assumptions or purchase commitments relating to, or other transactions as a result of which we are responsible for the payment of such indebtedness of others,
- o renewals, extensions and refunding of any such indebtedness,
- o interest or obligations in respect of any such indebtedness accruing after the commencement of any insolvency or bankruptcy proceedings, and
- o obligations associated with derivative products such as (a) securities contracts and foreign currency exchange contracts, (b) derivative instruments, such as swap agreements (including interest rate and foreign exchange rate swap agreements), cap agreements, floor agreements, collar agreements, interest rate agreements, foreign exchange agreements, options, commodity futures contracts and commodity options contracts, and (c) similar financial instruments.

The indenture places no limitation on the amount of senior obligations that we or our subsidiaries may incur. At December 31, 2000, our senior obligations included approximately \$3.7 billion of debt and capital lease obligations. Our senior obligations also included minimum annual commitments under long-term operating leases of aircraft or aircraft engines.

Structural Subordination

The debentures are effectively junior in right of payment to all of our subsidiaries' existing or future indebtedness and other liabilities. The indenture permits our subsidiaries to incur indebtedness and other liabilities without restriction. Any indebtedness of our subsidiaries effectively ranks senior to the debentures with respect to such subsidiary's assets. Accordingly, there might only be a limited amount of assets available to satisfy our obligations under the debentures and, as a result, the trust's obligations to holders of the TIDES.

The debentures and the guarantee are exclusively our obligations. Since our operations are conducted, in part, through our subsidiaries, the cash flow and the consequent ability to service debt, including our debentures and guarantee are dependent, in part, upon the earnings of our subsidiaries and the distribution of those earnings to, or upon loans or other payments of funds by those subsidiaries to, us. The payment of dividends and the making of loans and advances to us by our subsidiaries may be subject to statutory or contractual restrictions, are dependent upon the earnings of those subsidiaries and are subject to various business considerations.

Any right of ours to receive assets of any of our subsidiaries upon their liquidation or reorganization (and the consequent right of the holders of the debentures to participate in those assets) will be effectively subordinated to the claims of that subsidiary's creditors (including trade creditors), except to the extent that we are recognized as a creditor of such subsidiary, in which case our claims would still be subordinate to any security interests in the assets of such subsidiary and any indebtedness of such subsidiary senior to that held by us.

Registration and Transfer

The debentures will be represented by one or more global certificates registered in the name of Cede & Co. as the nominee of DTC if, and only if, distributed to the holders of the TIDES and the trust's common securities. Until that time, the debentures will remain registered in the name of and held by the property trustee. Should the debentures be distributed to holders of the TIDES and the trust's common securities, beneficial interests in the debentures will be shown on, and transfers of debentures will be effected only through, records maintained by participants in DTC. Except as described below, debentures in certificated form will not be issued in exchange for the global certificates.

A global security will be exchangeable for debentures in certificated form registered in the names of persons other than Cede & Co. only if:

- o DTC notifies us that it is unwilling or unable to continue as a depository for the global security or if at any time DTC ceases to be a clearing agency registered under the Exchange Act,
- o we in our sole discretion determine that the global security will be exchangeable, or
- o there shall have occurred and be continuing an event of default under the indenture.

Payments on debentures held in global form will be made to DTC. For debentures issued in certificated form, principal and interest will be payable, the transfer of the debentures will be registrable, and debentures will be exchangeable for debentures of other denominations of a like aggregate principal amount, at the corporate office of the debenture trustee in New York, New York, or at the offices of any paying agent or transfer agent appointed by us, provided that payment of interest may be made at our option by check mailed to the address of the persons entitled to payment or by wire transfer.

For a description of DTC and the terms of the depository arrangements relating to payments, transfers, voting rights, redemptions and other notices and other matters, please read the "Description of TIDES--Form, Book-Entry Procedures and Transfer" section of this prospectus. If the debentures are distributed to the holders of the TIDES and common securities upon the termination of the trust, the form, book-entry and transfer procedures with respect to the TIDES as described under the "Description of TIDES--Form, Book-Entry Procedures and Transfer" section of this prospectus will apply to the debentures.

Payment and Paying Agents

Payment of the principal of, and premium and interest, if any, on, the debentures will be made at the office or agency of us maintained for that purpose in New York, New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. However, at our option, payment of interest may be made (except in the case of debentures that are held in global form) by check mailed to each registered holder or by wire transfer. Payment of any interest on any debenture will be made to the person in whose name the debenture is registered at the close of business on the record date for such interest, except in the case of defaulted interest.

Governing Law

The indenture and the debentures are governed by and construed in accordance with the laws of the State of New York.

Information Concerning the Debenture Trustee

The debenture trustee has and is subject to all the duties and responsibilities specified with respect to an indenture trustee under the Trust Indenture Act. Subject to such provisions, the debenture trustee is under no obligation to exercise any of the powers vested in it by the indenture at the request of any holder of debentures, unless offered reasonable indemnity by the holder against the costs, expenses and liabilities that might be incurred by the

debenture trustee. The debenture trustee is not required to expend or risk its own funds or otherwise incur personal financial liability in the performance of its duties if the debenture trustee reasonably believes that repayment or adequate indemnity is not reasonably assured to it.

DESCRIPTION OF GUARANTEE

The guarantee was executed and delivered by us concurrently with the issuance by the trust of the TIDES for the benefit of holders of TIDES. Wilmington Trust Company acts as trustee under the guarantee agreement. The guarantee agreement is qualified under the Trust Indenture Act. We have summarized below selected provisions of the guarantee agreement. This summary is not complete and is subject to, and qualified in its entirety by reference to, all of the provisions of the guarantee agreement. The guarantee trustee will hold the guarantee for the benefit of the holders of the TIDES. The form of guarantee agreement is filed as an exhibit to the registration statement of which this prospectus is a part.

General

Under the guarantee agreement, we irrevocably agree to pay in full on a subordinated basis, to the extent described below, the guarantee payments described below to the holders of the TIDES regardless of any defense, right of set-off or counterclaim that the trust may have or assert other than the defense of payment. The following payments, called the guarantee payments, with respect to the TIDES, to the extent not paid by or on behalf of the trust, will be subject to the guarantee:

- o any accrued and unpaid distributions required to be paid on the TIDES, to the extent that the trust has funds on hand available for payment at such time,
- o the applicable redemption price with respect to TIDES called for redemption, to the extent that the trust has funds on hand available for payment at such time, and
- o upon a voluntary or involuntary dissolution, winding up or liquidation of the trust, other than in connection with the distribution of debentures to the holders of the TIDES or the redemption of all of the TIDES, the lesser of:
 - o the liquidation distribution, to the extent the trust has funds available therefor, and
 - o the amount of assets of the trust remaining available for distribution to holders of the TIDES upon liquidation of the trust.

Our obligation to make a guarantee payment may be satisfied by direct payment of the required amounts by us to the holders of the TIDES or by causing the trust to pay the amounts to the holders.

The guarantee is an irrevocable guarantee on a subordinated basis of the trust's obligations under the TIDES. However, the guarantee applies only to the extent that the trust has funds sufficient to make such payments, and is not a guarantee of collection. If we do not make interest payments on the debentures held by the trust, the trust will not be able to pay distributions on the TIDES and will not have funds legally available for the distributions.

The guarantee ranks subordinate and junior in right of payment to all senior obligations. In addition, our obligations under the guarantee are effectively subordinated to all existing and future liabilities of our subsidiaries. The guarantee does not limit the incurrence or issuance of other secured or unsecured debt by us or by our subsidiaries, including senior obligations.

Taken together, our obligations under the guarantee agreement, the declaration of trust, the debentures and the indenture, including our obligation to pay the costs, expenses and other liabilities of the trust other than the trust's obligations to the holders of the TIDES and common securities, provide, in the aggregate, a full, irrevocable and unconditional guarantee of all of the trust's obligations under the TIDES. No single document standing alone or operating in conjunction with fewer than all the other documents constitutes such guarantee. It is only the combined operation of these documents that has the effect of providing a full, irrevocable and unconditional guarantee of the trust's obligations under the TIDES.

Status of the Guarantee

The guarantee is a guarantee of payment and not of collection, meaning the guaranteed party may institute a legal proceeding directly against us to enforce its rights under the guarantee without first instituting a legal proceeding against any other person or entity. The guarantee is held for the benefit of the holders of the TIDES. The guarantee will not be discharged except by payment of the guarantee payments in full to the extent not paid by the trust or upon distribution to the holders of the TIDES of the debentures.

Amendments and Assignment

Except with respect to any changes that do not materially adversely affect the rights of holders of the TIDES (in which case no vote will be required), the guarantee may not be amended without the prior approval of the holders of not less than a majority of the aggregate liquidation amount of the outstanding TIDES. The manner of obtaining any such approval will be as set forth under the "Description of TIDES--Voting Rights; Amendment of the Declaration" section of this prospectus. All guarantees and agreements contained in the guarantee bind the successors, assigns, receivers, trustees and our representatives and inure to the benefit of the holders of the TIDES then

outstanding.

Events of Default

An event of default under the guarantee will occur upon our failure to perform any of our payment or other obligations under the guarantee agreement. However, except for a failure to make a guarantee payment, we are entitled to receive notice of the default and cure the default within 60 days after receipt of the notice. The holders of a majority in aggregate liquidation amount of the TIDES have the right to direct the time, method and place of conducting any proceeding for any remedy available to the guarantee trustee in respect of the guarantee or to direct the exercise of any trust or power conferred upon the guarantee trustee under the guarantee.

Any holder of the TIDES may institute a legal proceeding directly against us to enforce its rights under the guarantee without first instituting a legal proceeding against the trust, the guarantee trustee or any other person or entity.

We, as guarantor, are required to file annually with the guarantee trustee a certificate as to whether or not we are in compliance with all the conditions and covenants applicable to us under the guarantee.

Information Concerning the Guarantee Trustee

The guarantee trustee, other than during the occurrence and continuance of a default by us in performance of the guarantee, undertakes to perform only the duties that are specifically described in the guarantee. After a default under the guarantee agreement, the guarantee trustee must exercise the same degree of care and skill as a prudent person would exercise or use in the conduct of his or her own affairs. Subject to this provision, the guarantee trustee is under no obligation to exercise any of the powers vested in it by the guarantee at the request of any holder of the TIDES unless it is offered reasonable indemnity against the costs, expenses and liabilities that might be incurred.

Termination of the Guarantee

The guarantee will terminate as to each holder of TIDES upon:

- o full payment of the redemption price and accrued and unpaid distributions with respect to all TIDES,
- o distribution of the debentures held by the trust to the holders of the TIDES,
- o liquidation of the trust, or
- o distribution of our common stock to such holder in respect of the conversion of such holder's TIDES into common stock.

In addition, the guarantee will terminate completely upon full payment of the amounts payable in accordance with the declaration of trust. The guarantee will continue to be effective or will be reinstated, as the case may be, if at any time any holder must restore payment of any sums paid under the TIDES or the guarantee.

Governing Law

The guarantee agreement is governed by and construed in accordance with the laws of the State of New York.

RELATIONSHIP AMONG THE TIDES, THE DEBENTURES AND THE GUARANTEE

Full and Unconditional Guarantee

Payments of distributions and other amounts due on the TIDES (to the extent the trust has funds available for the payment of such distributions) are irrevocably guaranteed by us to the extent set forth under the "Description of Guarantee" section of this prospectus. Taken together, our obligations under the debentures, the indenture, the declaration of trust and the guarantee agreement provide a full, irrevocable and unconditional guarantee of payments of distributions and other amounts due on the TIDES. No single document standing alone or operating in conjunction with fewer than all of the other documents constitutes such guarantee. It is only the combined operation of these documents that has the effect of providing a full, irrevocable and unconditional guarantee of the trust's obligations under the TIDES. If and to the extent that we do not make payments on the debentures, the trust will not pay distributions or other amounts due on the TIDES. The guarantee does not cover payment of distributions when the trust does not have sufficient funds to pay such distributions. In such event, the remedy of a holder of TIDES is to institute a direct action against us under the debentures. Our obligations under the guarantee are subordinate and junior in right of payment to all our senior obligations.

Sufficiency of Payments

As long as payments of interest and other payments are made when due on the debentures, the payments will be sufficient to cover distributions and other payments due on the TIDES, primarily because:

- o the aggregate principal amount or applicable redemption price of the debentures will be equal to the sum of the aggregate liquidation amount or applicable redemption price, as applicable, of the TIDES and common securities,
- o the interest rate payable on the debentures and interest and other payment dates on the debentures will match the distribution

rate and distribution and other payment dates for the TIDES,

- o we will pay for all costs, expenses and liabilities of the trust except the trust's obligations to holders of TIDES and common securities, and
- o the declaration of trust further provides that the trust will not engage in any activity that is not consistent with its limited purposes.

Notwithstanding anything to the contrary in the indenture, we have the right to set off any payment we are otherwise required to make under the indenture to the extent we have made, or are concurrently on the date of such payment making, any payment under the guarantee used to satisfy the related payment of indebtedness under the indenture.

Enforcement Rights of Holders of TIDES

Any holder of TIDES may institute a legal proceeding directly against us to enforce its rights under the guarantee without first instituting a legal proceeding against the guarantee trustee, the trust or any other person or entity and may, under certain circumstances, also institute a legal proceeding directly against us to recover unpaid amounts under the debentures.

A default or event of default under any of our senior obligations would not constitute a default or event of default under the declaration of trust. However, in the event of payment defaults under, or acceleration of, our senior obligations, the subordination provisions of the indenture provide that no payments may be made in respect of the debentures until the senior obligations have been paid in full or any payment default thereunder has been cured or waived. Failure to make required payments on debentures would constitute an event of default under the declaration of trust.

Limited Purpose of the Trust

The TIDES evidence a beneficial interest in the trust, and the trust exists for the sole purpose of issuing the TIDES and common securities and investing the proceeds of the TIDES and common securities in debentures.

Rights Upon Dissolution

Upon any voluntary or involuntary dissolution, winding-up or liquidation of the trust involving the liquidation of the debentures, after satisfaction of the liabilities of creditors of the trust as required by applicable law, the holders of the TIDES and common securities will be entitled to receive, out of assets held by the trust, the liquidation distribution in cash. Upon any voluntary or involuntary liquidation or our bankruptcy, the property trustee, as holder of the debentures, would be a subordinated creditor of us, subordinated in right of payment to all senior obligations as set forth in the indenture, but entitled to receive payment in full of principal and interest, before any of our stockholders receive payments or distributions. Since we are the guarantor under the guarantee and have agreed to pay for all costs, expenses and liabilities of the trust, other than the trust's obligations to the holders of the TIDES and common securities, the positions of a holder of TIDES and a holder of debentures relative to other creditors and to our stockholders in the event of liquidation or our bankruptcy are expected to be substantially the same.

DESCRIPTION OF CAPITAL STOCK

This section contains a description of our capital stock, which includes our common stock as well as our preferred stock, the terms of which may affect the common stock. The following summary of the terms of our capital stock is not meant to be complete and is qualified by reference to our certificate of incorporation, bylaws and the rights agreement we describe in this section. For more information, you should read "Where You Can Find More Information."

Our authorized capital stock currently consists of 200 million shares of common stock and 10 million shares of preferred stock. As of January 22, 2001, we had outstanding 53,401,756 shares of common stock and one share of Series B preferred stock (the Preferred Stock).

Common Stock

Rights to Dividends and on Liquidation, Dissolution or Winding Up

Common stockholders participate ratably in any dividends or distributions on the common stock. In the event of any liquidation, dissolution or winding up of our company, common stockholders are entitled to share ratably in our assets available for distribution to the stockholders, subject to the prior rights of holders of any outstanding preferred stock.

Preemptive and Other Subscription Rights

Common stockholders do not have preemptive, subscription, conversion or redemption rights (other than the anti-dilution rights described under "--Corporate Governance and Control"), and are not subject to further calls or assessments.

No Cumulative Voting Rights

Common stockholders do not have the right to cumulate their votes in the election of directors.

Voting

Holders of common stock are entitled to one vote per share on all matters submitted to a vote of stockholders, except that voting rights of non-U.S. citizens are limited as described under "--Limitation on Voting by Foreign Owners."

Limitation on Voting by Foreign Owners

Our certificate of incorporation provides that shares of capital stock may not be voted by or at the direction of persons who are not citizens of the United States unless the shares are registered on a separate stock record. Applicable restrictions currently require that no more than 25% of our voting stock be owned or controlled, directly or indirectly, by persons who are not U.S. citizens, and that our president and at least two-thirds of our directors or other managing officers be U.S. citizens. For purposes of the certificate of incorporation, "U.S. citizen" means:

- o an individual who is a citizen of the United States,
- o a partnership each of whose partners is an individual who is a citizen of the United States, or
- o a corporation or association organized under the laws of the United States or a State, the District of Columbia, or a territory or possession of the United States, of which the president and at least two-thirds of the board of directors and other managing officers are citizens of the United States, and in which at least 75% of the voting interest is owned or controlled by persons that are citizens of the United States.

Our bylaws provide that no shares will be registered on the foreign stock record if the amount so registered would exceed the restrictions described above or adversely affect our operating certificates or authorities. Registration on the foreign stock record is made in chronological order based on the date we receive a written request for registration. An affiliate of AXA Financial, Inc. has requested that all shares beneficially owned by AXA Financial, Inc. and its affiliates be included on our foreign stock record. Although we have not to date limited the registration of any shares on this record, subject to certain factors, the registration of the shares beneficially owned by AXA Financial, Inc. will preclude the registration, and thus the voting of, any shares owned by any other Continental stockholders that are not U.S. citizens.

Preferred Stock Purchase Rights

General

One preferred stock purchase right is currently associated with each outstanding share of our common stock. Each of these preferred stock purchase rights entitles the registered holder to purchase from us one one-thousandth of a share of our Series A junior participating preferred stock at a purchase price of \$200 per one one-thousandth of a share, subject to adjustment.

The preferred stock purchase rights will have anti-takeover effects. The preferred stock purchase rights could cause substantial dilution to a person or group that attempts to acquire us and effect a change in the composition of our board of directors on terms not approved by our board of directors,

including by means of a tender offer at a premium to the market price. Subject to restrictions and limitations contained in our charter, the preferred stock purchase rights should not interfere with any merger or business combination approved by our board of directors because we may redeem the preferred stock purchase rights at the redemption price prior to the time that a person has become an acquiring person or amend the preferred stock purchase rights to make them inapplicable to the approved transaction.

The following summary of the material terms of the preferred stock purchase rights is not meant to be complete and is qualified by reference to the rights agreement that governs the issuance of the rights. See "Where You Can Find More Information."

Evidence and Transferability of Preferred Stock Purchase Rights

The preferred stock purchase rights will be evidenced by the certificates representing shares of common stock until the earlier to occur of:

- o 10 days following a public announcement or public disclosure of facts made by us or an acquiring person that a person or group of affiliated or associated persons has become an acquiring person, which occurs, generally, when that person or group has acquired beneficial ownership of common stock representing 15% or more of the total number of votes entitled to be cast by the holders of common stock, and
- o 10 business days, or a later date established by our board of directors before the time any person or group becomes an acquiring person, following the commencement of, or the first public announcement of an intention of any person or group to make, a tender offer or exchange offer that, if completed, would result in the beneficial ownership by a person or group of shares of common stock representing 15% or more of such number of votes.

Until the rights distribution date or the earlier redemption or expiration of the preferred stock purchase rights:

- o the preferred stock purchase rights will only be transferred with the transfer of shares of common stock,
- o certificates representing shares of common stock which become outstanding after the record date for the initial distribution of the rights, will contain a notation incorporating the terms of the preferred stock purchase rights by reference, and
- o the surrender for transfer of any certificate representing shares of common stock will also constitute the transfer of the preferred stock purchase rights associated with the shares of common stock represented by that certificate.

As soon as practicable following the rights distribution date, separate certificates evidencing the preferred stock purchase rights will be mailed to holders of record of the shares of common stock as of the close of business on the rights distribution date and those separate preferred stock purchase rights certificates alone will evidence the rights.

Exempt Persons

We and certain persons affiliated with us are exempt from the definition of acquiring person.

An exception to the definition of acquiring person in the rights agreement permits an institutional investor to be or become the beneficial owner of our common stock representing 15% or more of the voting power of the common stock then outstanding, subject to certain limitations described below, without becoming an acquiring person, as long as the institutional investor continues to be an institutional investor. Generally, an institutional investor is a person who, as of January 31, 2000:

- o beneficially owned more than 14% of the voting power of our common stock then outstanding,
- o had a Schedule 13G on file with the SEC with respect to its holdings,
- o is principally engaged in the business of managing investment funds for unaffiliated securities investors,
- o acquires the common stock pursuant to trading activities undertaken in the ordinary course of such person's business not with the purpose or effect of exercising or influencing control over us, and
- o is not obligated to and does not file a Schedule 13D with respect to our securities.

If our board of directors determines that a person is no longer an institutional investor, then this person will be required to as promptly as practicable divest itself of a sufficient number of shares of common stock so that this person beneficially owns less than 15% of the voting power of our common stock then outstanding.

If our board of directors determines that this person does not divest itself of common shares as required, then this person will be or become an acquiring person under the rights agreement.

AXA Financial, as an institutional investor under the rights agreement, is permitted to beneficially own, without triggering the rights under the rights

agreement, so long as it retains its status as a passive institutional investor, up to 47% of the outstanding shares of common stock through December 31, 2001, and, after December 31, 2001, the lesser of 47% of the outstanding shares of common stock and the percentage of common stock reported as beneficially owned by it in any Schedule 13G filed with the SEC after December 31, 2001 (such that the percentage permitted to be beneficially owned by it will be reduced (down to 25% of the outstanding shares of common stock) to reflect reductions in its beneficial ownership percentage resulting from subsequent sales of common stock or increases in the total number of shares of common stock outstanding).

Exercisability of Rights

The preferred stock purchase rights are not exercisable until the preferred stock purchase rights distribution date. The preferred stock purchase rights will expire on November 20, 2008, unless the expiration date is extended or unless the preferred stock purchase rights are earlier redeemed or exchanged by us, in each case, as described below.

If any person becomes an acquiring person, each holder of a preferred stock purchase right (other than preferred stock purchase rights beneficially owned by the acquiring person, which will be void) will, after the date that any person became an acquiring person, have the right to receive, upon exercise of those preferred stock purchase rights at the then current exercise price, that number of shares of common stock, or cash or other securities or assets in certain circumstances, having a market value of two times the exercise price of the preferred stock purchase right. If, at any time on or after the date that any person has become an acquiring person, we are acquired in a merger or other business combination transaction or 50% or more of our consolidated assets or earning power are sold, each holder of a preferred stock purchase right will, after the date of that transaction, have the right to receive, upon the exercise of those preferred stock purchase rights at the then current exercise price of the preferred stock purchase right, that number of shares of common stock of the acquiring company which at the time of that transaction will have a market value of two times the exercise price of the preferred stock purchase right.

The purchase price payable, and the number of shares of junior preferred stock or other securities or property issuable, upon exercise of the preferred stock purchase rights are subject to adjustment from time to time to prevent dilution in some circumstances.

Until a preferred stock purchase right is exercised, the holder of a preferred stock purchase right will have no rights as a stockholder of our company, including the right to vote or to receive dividends.

From and after the occurrence of an event described in Section 11(a)(ii) of the rights agreement, if rights are or were, at any time on or after the earlier of (1) the date of such event and (2) the distribution date, acquired or beneficially owned by an acquiring person or an associate or affiliate of an acquiring person, such rights shall become void, and any holder of such rights shall thereafter have no right to exercise such rights.

Terms of Junior Preferred Stock

Shares of junior preferred stock, which may be purchased upon exercise of the preferred stock purchase rights, will not be redeemable. Each share of junior preferred stock will be entitled to receive when, as and if declared by the board of directors, out of funds legally available for the purpose, an amount per share equal to 1,000 times the cash or non-cash dividend declared per share of common stock. In the event of liquidation, the holders of the junior preferred stock will be entitled to receive an aggregate payment equal to 1,000 times the payment made per share of common stock. Each share of junior preferred stock will have 1,000 votes, together with the common stock. Finally, in the event of any merger, consolidation or other transaction in which the common stock is exchanged, each share of junior preferred stock will be entitled to receive an amount equal to 1,000 times the amount received per share of common stock. The rights are protected by customary antidilution provisions.

Exchange or Redemption

At any time after any person becomes an acquiring person, and prior to the acquisition by any person or group of a majority of the voting power, our board of directors may exchange the rights (other than rights owned by such acquiring person which have become void), in whole or in part, at an exchange ratio of one share of common stock per right (subject to adjustment). We may, at our option, substitute preferred shares or common stock equivalents for common stock, at the rate of one one-thousandth of a preferred share for each share of common stock (subject to adjustment). No fractional share of common stock will be issued and in lieu thereof, an adjustment in cash will be made based on the market price of the share of common stock on the last trading day prior to the date of exchange.

At any time prior to any person becoming an acquiring person, our board of directors, by the required board vote, may redeem the rights in whole, but not in part, at a redemption price of \$.001 per right. The redemption of the rights may be made effective at the time, on any basis and subject to the conditions which our board of directors may establish. Immediately upon any redemption of the rights (or upon a later date specified by our board of directors in the resolution approving a redemption), the right to exercise the rights will terminate and the only right of the holders of rights will be to receive the redemption price. The redemption of the rights may be subject to certain restrictions and limitations contained in our charter.

Our board of directors, by the required board vote, may amend the terms of the rights without the consent of the holders of the rights, except that from the time any person becomes an acquiring person, no amendment may adversely affect the interests of the holders of the rights (other than the acquiring person and its affiliates and associates). The right of our board of directors to amend the rights agreement may be subject to certain restrictions and

limitations contained in our charter.

Preferred Stock

In connection with the amendment to the Northwest Alliance, we issued Northwest one share of a new series of preferred stock, which we refer to as the Preferred Stock, for a nominal price. Only one share of Preferred Stock is authorized for issuance. Our Preferred Stock is not convertible into any other securities. We are not obligated to redeem or retire the Preferred Stock, but we have the option to redeem the Preferred Stock upon the occurrence of certain events described below under "--Redemption."

Ranking. The Preferred Stock ranks junior to all classes of our capital stock other than the common stock upon liquidation, dissolution or winding up of our company.

Dividends. No dividends are payable on our Preferred Stock.

Voting Rights

The Preferred Stock gives Northwest the right to block, during the term of the Northwest Alliance, or if earlier, until the Preferred Stock becomes redeemable,

- o certain business combinations and similar changes of control transactions involving us and a third party major air carrier,
- o certain amendments to our rights plan (or redemption of those rights),
- o any dividend or distribution of all or substantially all of our assets and
- o certain reorganizations and restructuring transactions involving us.

Redemption

The Preferred Stock is redeemable by us at a nominal price (and the blocking rights eliminated)

- o if Northwest transfers or encumbers the Preferred Stock,
- o if there is a change of control of Northwest involving a third party major air carrier,
- o on expiration or termination of the Northwest Alliance (other than as a result of a breach by us), or
- o if Northwest materially breaches its standstill obligations to us or triggers our rights agreement.

Transfer Restriction Agreement

The holder of the Preferred Stock agrees to the following:

- o not to transfer, sell or dispose of (1) our common stock, in the case of a going private transaction, or (2) capital stock of a holding company, in the case of the establishment of a new holding company, to a prohibited transferee, which means any major air carrier or affiliate who would have upon the occurrence of such transfer, sale or disposition, beneficial ownership of 25% or more of the capital stock or voting power of our company upon completion of such transfer, sale or disposition, and
- o prior to transferring, selling or disposing of (1) our common stock, in the case of a going private transaction, or (2) capital stock of a holding company, in the case of the establishment of a new holding company, to a transferee that is not a prohibited transferee, the permitted transferee will execute an agreement with Northwest identical in all material respects to a transfer restriction agreement that contains the agreements described in this subsection.

Corporate Governance and Control

The certificate of incorporation provides that our board of directors will consist of a number of directors as may be determined from time to time by the board of directors in accordance with the bylaws. Our board of directors currently consists of 13 directors elected by common stockholders, subject to the rights of preferred stockholders to elect additional directors as set forth in any preferred stock designations.

Business Combinations

Our certificate of incorporation provides that we are not governed by Section 203 of the General Corporation Law of Delaware which, in the absence of such provisions, would have imposed additional requirements regarding mergers and other business combinations.

Procedural Matters

Our bylaws require stockholders seeking to nominate directors or propose other matters for action at a stockholders' meeting to give us notice within specified periods in advance of the meeting and to follow certain other specified procedures.

Change of Control

Northwest's ownership of the Preferred Stock, because of the separate class vote required pursuant to the terms of the Preferred Stock in any required vote of our stockholders with respect to some changes of control affecting us, may have the effect of delaying, deferring or preventing a change of control of our company.

In addition, the existence of the preferred stock purchase rights may have the effect of delaying or preventing a change of control of our company. See "--Preferred Stock Purchase Rights" above.

Limitation of Director Liability and Indemnification

Our certificate of incorporation provides, to the full extent permitted by Delaware law, that directors will not be liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director. As required under current Delaware law, our certificate of incorporation and bylaws currently provide that this waiver may not apply to liability

- o for any breach of the director's duty of loyalty to us or our stockholders,
- o for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law,
- o under Section 174 of the Delaware General Corporation Law (governing distributions to stockholders), or
- o for any transaction from which the director derived any improper personal benefit.

However, in the event the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of any of our directors will be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended. Our certificate of incorporation further provides that we will indemnify each of our directors and officers to the full extent permitted by Delaware law and may indemnify certain other persons as authorized by the Delaware General Corporation Law. These provisions do not eliminate any monetary liability of directors under the federal securities laws.

TAX CONSEQUENCES

The following is a summary of the material U.S. federal income tax consequences of the ownership and disposition of the TIDES, but does not purport to be a complete analysis of all the potential tax considerations relating thereto. Unless otherwise stated, this summary deals only with TIDES held as capital assets by holders.

The tax treatment of a holder may vary depending on its particular situation. This summary does not deal with special classes of holders, such as, for example, dealers in securities or currencies, banks, thrifts, real estate investment trusts, regulated investment companies, insurance companies, tax exempt organizations, persons holding TIDES as part of a straddle or as part of a hedging or conversion transaction or other integrated investment, or persons whose functional currency is not the U.S. dollar. Further, it does not include any description of alternative minimum tax consequences or the tax laws of any state, local or foreign government that may be applicable to the TIDES.

This summary is based on the Internal Revenue Code of 1986, the Treasury Regulations thereunder and administrative and judicial interpretations thereof as of the date hereof, and all of which are subject to change (possibly on a retroactive basis). In particular, legislation was proposed by the Clinton Administration in 1996, 1997, 1998 and 1999 to prohibit or defer an issuer's ability to deduct interest on certain types of debt instruments. If such legislation is ultimately enacted, it could limit our ability to deduct interest with respect to the TIDES, which, in turn, would constitute a "tax event." Upon the occurrence of a tax event, we may be permitted to redeem the debentures, which would trigger a redemption of the TIDES. See "Description of TIDES--Tax Event or Investment Company Event Redemption or Distribution."

The authorities on which this summary is based are subject to various interpretations, and it is therefore possible that the federal income tax treatment of the ownership and disposition of the TIDES may differ from the treatment described below. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions. In addition, the IRS is not precluded from successfully adopting a contrary position. This summary does not consider the effect of any applicable foreign, state, local or other tax laws.

As used herein, the term "U.S. Holder" means a beneficial owner of TIDES that is for U.S. federal income tax purposes: (1) an individual who is a citizen or resident of the United States, (2) a U.S. domestic corporation, (3) an estate, the income of which is subject to federal income taxation regardless of its source, or (4) in general, a trust subject to the primary supervision of a U.S. court and the control of one or more U.S. persons. A "Foreign Holder" is any holder of TIDES that is a nonresident alien individual or a foreign corporation.

Investors are advised to consult their tax advisors as to the tax consequences of the ownership and disposition of the TIDES, in light of their particular circumstances, under federal income and estate tax laws and any applicable state, local, foreign and other tax laws or tax treaties, including the effects of possible future changes in such laws.

Classification of the Debentures

In the opinion of Cleary, Gottlieb, Steen & Hamilton, under current law and assuming the accuracy of, and full compliance with, the terms of the indenture (and certain other documents), and based on certain representations we have made, the debentures will be treated for U.S. federal income tax purposes as our indebtedness. By acceptance of a TIDES, each holder agrees to treat the debentures as our indebtedness.

Classification of the Trust

In the opinion of Cleary, Gottlieb, Steen & Hamilton, under current law and assuming the accuracy of, and full compliance with, the terms of the trust agreement and the indenture (and certain other documents), the trust will be treated for U.S. federal income tax purposes as a grantor trust and not as an association taxable as a corporation. Accordingly, for U.S. federal income tax purposes, each holder of TIDES will be considered the owner of an undivided beneficial ownership interest in the debentures, and each U.S. Holder will be required to include in its gross income any interest (or original issue discount accrued) with respect to its allocable share of those debentures. By acceptance of a TIDES, each holder agrees to treat the TIDES as an undivided ownership interest in the debentures. See "--U.S. Holders--Interest Income and Original Issue Discount."

An opinion of counsel is not binding on the IRS or the courts. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of these issues and no assurance can be given that the IRS will not take contrary positions. Moreover, no assurance can be given that any of the opinions expressed herein will not be challenged by the IRS or, if challenged, that such challenge will not be successful.

U.S. Holders

Interest Income and Original Issue Discount

As a result of our option to defer the payment of interest on the debentures, U.S. Holders of TIDES are required to recognize interest income in accordance with the "original issue discount" rules of the Code. Accordingly, each U.S. Holder of TIDES, including a U.S. Holder that uses the cash method of accounting, generally will be required to recognize its pro rata share of interest income on the debentures as it accrues in accordance with a constant yield method based on a compounding of interest, over the entire term of the debentures. U.S. Holders will be required to recognize accrued interest income regardless of whether distributions are made on the TIDES, and regardless of whether we exercise our option to extend any interest payment period. Subject to the market discount and acquisition premium rules discussed below, the amount of interest income that will be recognized in any quarter will approximately equal the amount of interest that accrues on the debentures in the quarter at the stated interest rate. Actual distributions of stated interest will not be separately reported as taxable income. Consequently, during a deferral period, a holder will be required to include accrued interest in gross income even though we have not made any actual cash payments.

A U.S. Holder's initial tax basis for its pro rata share of the debentures will be equal to the U.S. Holder's purchase price paid for its TIDES and will be increased by the accrued interest includible in the holder's gross income and reduced by the amount of distributions or other payments received by the holder on the TIDES. No portion of the amounts received on the TIDES will be eligible for the dividends received deduction.

Market Discount

If you purchase a TIDES at a price that is lower than the adjusted issue price (as defined below) of the TIDES' pro rata share of the debentures, by 0.25% or more of the adjusted issue price multiplied by the number of remaining whole years to maturity, the debentures will be considered to bear "market discount" in your hands. In this case, any gain that you realize on the disposition of the TIDES generally will be treated as ordinary interest income to the extent of the market discount that accrued on the related debentures during your holding period. In addition, you may be required to defer the deduction of a portion of the interest paid on any indebtedness that you incurred or continued to purchase or carry the TIDES. In general, market discount will be treated as accruing ratably over the term of the debentures, or, at your election, under a constant yield method. Special rules apply if you convert TIDES into our common stock. See "--Conversion of TIDES into Common Stock."

You may elect to include market discount in gross income currently as it accrues (on either a ratable or constant yield basis), in lieu of treating a portion of any gain realized on a sale of the TIDES as ordinary income. If you elect to include market discount on a current basis, the interest deduction deferral rule described in the preceding paragraph will not apply. If you do make such an election, it will apply to all market discount debt instruments that you acquire on or after the first day in the first taxable year to which the election applies. The election may not be revoked without the consent of the IRS.

The "adjusted issue price" of a debenture will equal the original purchase price paid for the debenture, increased by the accrued interest includible in the holder's gross income and reduced by the distributions or other payments we have made on the debenture.

Acquisition Premium

If you purchase a TIDES at a price that is greater than the adjusted issue price of the TIDES' pro rata share of the debentures, the amount of interest income you are required to accrue will be reduced to take into account the "acquisition premium." The daily amount of interest income you are otherwise required to accrue will be reduced by an amount equal to the product of (1) such daily portion and (2) a fraction, the numerator of which is the amount of the

acquisition premium and the denominator of which is the sum of the interest income (including original interest income) for all days on or after you purchase the TIDES.

Deferral of Interest Payment Period

U.S. Holders of TIDES will be required to include accrued (but unpaid) interest in income with respect to their pro rata share of the debentures during a deferral period. Therefore, a U.S. Holder who sells TIDES during such a deferral period will not be entitled to any cash relating to accrued but unpaid interest (such cash will be paid to the holder of record at the end of the deferral period), but will be required to include such interest in income.

Distribution of Debentures

A distribution by the trust of the debentures as described under the caption "Description of TIDES--Liquidation of the Trust and Distribution of the Debentures" will result in the holder receiving directly its pro rata share of the debentures previously held indirectly through the trust. Such a transaction will be nontaxable to the holder, who will receive such debentures with a holding period and tax basis equal to the holding period and adjusted tax basis such U.S. Holder was considered to have had in its pro rata share of the underlying debentures prior to such distribution. A U.S. Holder will include interest income in respect of the debentures received from the trust in the manner described above under the caption "--Interest Income and Original Issue Discount."

Disposition of the TIDES

Upon a sale, exchange or other disposition of TIDES (including a distribution of cash in redemption of a U.S. Holder's TIDES, and repayment of the underlying debentures, but excluding a distribution of debentures and the conversion of the TIDES into common stock), a holder will be considered to have disposed of all or part of such holder's pro rata share of the debentures, and will recognize gain or loss equal to the difference between (1) the amount of cash proceeds and the fair market value of any property received on the sale, exchange or other disposition (except to the extent such amount is attributable to accrued interest income not previously included in income (which is taxable as ordinary income) or is treated as ordinary income pursuant to the market discount rules) and (2) the holder's adjusted tax basis in its pro rata share of the underlying debentures deemed disposed of. Such gain or loss will be capital gain or loss and generally will be long-term capital gain or loss if the TIDES have been held by the holder for more than one year. Holders are advised to consult their tax advisors as to the federal income tax treatment of a capital gain or loss.

The TIDES may trade at a price that does not fully reflect the value of accrued but unpaid interest with respect to the underlying debentures. A holder who disposes of the TIDES between record dates for payments of distributions thereon or during an interest deferral period will nevertheless be required to include in income accrued but unpaid interest on the debentures through the date of disposition, and to add such amount to its adjusted tax basis in its pro rata share of the underlying debentures deemed disposed of. Accordingly, such a holder will recognize a capital loss to the extent the selling price (which may not fully reflect the value of accrued but unpaid interest) is less than the holder's adjusted tax basis (which will include accrued but unpaid interest). Subject to certain limited exceptions, capital losses cannot be applied to offset ordinary income for federal income tax purposes. Therefore, it is possible that the holder will not be able to offset such accrued but unpaid interest income against any such capital loss (although such capital loss could be used to offset capital gains of such holder).

Conversion of TIDES into Common Stock

A U.S. holder generally will not recognize income, gain or loss upon the conversion, through the conversion agent, of debentures into our common stock. A holder will, however, recognize gain upon the receipt of cash in lieu of a fractional share of our common stock equal to the amount of cash so received less such holder's tax basis in such fractional share (except to the extent such gain is treated as ordinary income pursuant to the market discount rules). A holder who converts TIDES into our common stock (1) will take a tax basis in such stock that, in general, is equal to such holder's tax basis in the TIDES delivered to the conversion agent for exchange, less the basis allocated to any fractional share for which cash is received, and (2) the holding period of such stock generally will include the holding period of the TIDES delivered to the conversion agent for exchange, except (in the case of both (1) and (2)) possibly with respect to any of our common stock received in respect of accrued but unpaid interest.

Pursuant to the market discount rules, in the event that you convert TIDES into our common stock, any gain on the sale, exchange or other disposition of the common stock generally will be treated as ordinary income to the extent of the market discount that accrued on the related debentures before you converted the TIDES.

Adjustment of Conversion Price

Tax regulations promulgated under Section 305 of the Code could treat holders of TIDES as receiving a constructive distribution upon certain circumstances in which the conversion rate of the debentures is adjusted. Accordingly, a reduction in the conversion price for the debentures may, under certain circumstances, result in deemed dividend income to holders of TIDES to the extent of our current or accumulated earnings and profits. Holders of TIDES are advised to consult their tax advisors as to the federal income tax consequences of adjustments in the conversion rate of TIDES.

Information Reporting and Backup Withholding

The trust will report the interest accrued during the year with respect to the debentures, and any gross proceeds received by the trust from the retirement or redemption of the debentures, annually to the holders of record of the TIDES and to the IRS. The trust currently intends to deliver such reports to holders of record not later than January 31st following each calendar year. It is anticipated that persons who hold TIDES as nominees for beneficial owners will report the required tax information to beneficial owners on Form 1099.

Payments made on, and proceeds from the sale of, TIDES, any debentures distributed by the trust or any of our common stock received on conversion may be subject to 31% backup withholding unless the holder complies with certain identification requirements or otherwise qualifies for exemption. Backup withholding is not an additional tax. Any withheld amounts will generally be refunded or credited against the holder's federal income tax liability, provided the required information is timely filed with the IRS.

Foreign Holders

Interest Income and Original Issue Discount

A Foreign Holder of a TIDES or the debentures will not be subject to withholding of U.S. federal income tax with regard to its interest income and original issue discount, provided that, with respect to payment of interest:

- o the Foreign Holder does not actually or constructively own 10% or more of the combined voting power of all classes of stock of the Issuer,
- o the Foreign Holder is not a controlled foreign corporation that is related to us through stock ownership, and
- o the beneficial owner satisfies certain documentary evidence requirements for establishing that it is a Foreign Holder.

In the event that the TIDES were characterized as stock or other equity of our company, payments to a holder could be characterized as dividends and be subject to a 30% withholding tax or such lesser amount as may be provided under an applicable treaty. If a Foreign Holder is treated as receiving a deemed dividend as a result of an adjustment of the conversion price of the debentures, as described above under "U.S. Holders--Adjustment of the Conversion Price," such deemed dividend will be subject to a 30% withholding tax (or a lesser amount under an applicable treaty). However, if such dividend income is effectively connected with the conduct of a trade or business of the Foreign Holder in the United States, then such income will be subject to the regular U.S. federal income tax rules.

Disposition of the TIDES or Debentures

A holder of a TIDES or the debentures that is a Foreign Holder will not be subject to U.S. federal income tax on any gain realized on the sale, exchange or redemption of the TIDES or the debentures, unless:

- o such gain is effectively connected with the conduct by the holder of a trade or business in the United States, or
- o in the case of gain realized by an individual Foreign Holder, the Foreign Holder is present in the United States for 183 days or more in the taxable year of the sale and either (A) such gain or income is attributable to an office or other fixed place of business maintained in the United States by such holder or (B) such holder has a tax home in the United States.

Conversion of TIDES into Common Stock

A Foreign Holder generally will not recognize income, gain or loss upon the conversion, through the conversion agent, of debentures into our common stock. Such holder will, however, realize gain upon the receipt of cash in lieu of a fractional share of our common stock equal to the amount of cash so received less such holder's tax basis in such fractional share. The tax consequences of such gain will be the same as described above under the caption "--Foreign Holders--Disposition of the TIDES or Debentures."

In general, dividends paid to Foreign Holders on our common stock are subject to U.S. federal income tax at a rate of 30% (unless a U.S. withholding tax treaty applies to reduce or eliminate withholding). However, if such dividend income is effectively connected with the conduct of a trade or business of the Foreign Holder in the United States, then such income is subject to the regular U.S. federal income tax rules.

Information Reporting and Backup Withholding

Payments made on, and proceeds from the sale of, TIDES, any debentures distributed by the trust, or any of our common stock received on conversion may be subject to 31% backup withholding and information reporting unless a Foreign Holder complies with certain documentation requirements or otherwise qualifies for an exemption.

CERTAIN ERISA CONSIDERATIONS

Each fiduciary of a pension, profit-sharing or other employee benefit plan subject to ERISA should consider the fiduciary standards of ERISA in the context of the plan's particular circumstances before authorizing an investment in the TIDES. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA, whether the investment could result in an improper delegation of fiduciary authority and whether the investment would be consistent with the documents and instruments governing the plan.

Section 406 of ERISA and Section 4975 of the Code prohibit plans, as well as individual retirement accounts and Keogh plans subject to Section 4975 of the Code, from engaging in certain transactions involving "plan assets" with persons who are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to such plans. A violation of these "prohibited transaction" rules may result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for such persons, unless exemptive relief is available under an applicable statutory or administrative exemption. Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and foreign plans (as described in Section 4(b)(4) of ERISA) are not subject to the requirements of ERISA or Section 4975 of the Code.

Under a regulation issued by the United States Department of Labor, or DOL, the assets of the trust would be deemed to be "plan assets" of a plan for purposes of ERISA and Section 4975 of the Code if "plan assets" of the plan were used to acquire an equity interest in the trust and no exception were applicable under the plan assets regulation. An "equity interest" is defined under the plan assets regulation as any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and that has no substantial equity features and specifically includes a beneficial interest in a trust.

Pursuant to an exception contained in the plan assets regulation, the assets of the trust would not be deemed to be "plan assets" of investing plans if, immediately after the most recent acquisitions of any equity interest in the trust, less than 25% of the value of each class of equity interests in the trust were held by plans, other employee benefit plans not subject to ERISA or Section 4975 of the Code (such as governmental, church and foreign plans), and entities holding assets deemed to be "plan assets" of any plan (collectively, "benefit plan investors"). We cannot assure that the value of the TIDES held by benefit plan investors will be less than 25% of the total value of such TIDES at the time of purchase or otherwise and the level of benefit investor participation will not be monitored.

Certain transactions involving the trust could be deemed to constitute direct or indirect prohibited transactions under ERISA and Section 4975 of the Code with respect to a plan if the TIDES were acquired with "plan assets" of such plan and assets of the trust were deemed to be "plan assets" of plans investing in the trust. For example, if we are a party in interest with respect to an investing plan (either directly or by reasons of our ownership of our subsidiaries), extensions of credit between the trust and us (as represented by the debentures and the guarantee) would likely be prohibited by Section 406(a)(1)(B) of ERISA and Section 4975(c)(1)(B) of the Code, unless exemptive relief were available under an applicable administrative exemption (see below). Because the assets of the trust may be considered "plan assets" for ERISA purposes as a result of a plan's acquisition and holding of TIDES, a plan fiduciary should consider (a) whether powers which potentially may be exercised by any person or entity with respect to the trust or its assets would result in such person or entity being potentially deemed to be a fiduciary and, therefore, a party in interest with respect to a plan acquiring or holding TIDES and (b) if so, whether such acquisition and holding could result in a delegation of fiduciary authority which is impermissible under the plan's governing instruments or any investment management agreement with the plan. In making such determination, a plan fiduciary should note that prior to a default, the trustees will have only limited custodial and ministerial authority with respect to the assets of the trust.

The DOL has issued a number of prohibited transaction class exemptions that may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase or holding of the TIDES. Those class exemptions include PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investments funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts) and PTCE 84-14 (for certain transactions determined by qualified professional asset managers).

Governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of section 4975 of the Code, may, nevertheless be subject to state or other Federal laws that are substantially similar to the foregoing provisions of ERISA, and the Code. Fiduciaries of such plans should consult with their counsel before purchasing any TIDES.

By its purchase of any TIDES (or any interest therein), the purchaser thereof will be deemed to have represented either that (a) it is not a plan or other entity whose underlying assets are subject to ERISA and/or Section 4975 of the Code, or a governmental or church plan which is subject to any Federal, state or local law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code or (b) its purchase and holding of a TIDES will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental or church plan, a violation of any substantially similar Federal, state or local law). Further, the fiduciaries of any plan or plan assets entity which may purchase or hold TIDES will be deemed as a result of such acquisition or holding to have (a) directed the trust to invest in the debentures, (b) authorized and directed any of the actions taken or which may be taken with respect to the trust, the debentures and the TIDES by any of the trustees, the debenture trustee, the guarantee trustee or us as contemplated by the indenture, the debentures or the guarantee and (c) to have appointed the trustees.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the TIDES on behalf of or with "plan assets" of any plan consult with their counsel regarding the potential consequences if the assets of the trust were deemed to be "plan assets" and to confirm that such investment will not constitute or result in a prohibited transaction or any other violation of an

REGISTRATION RIGHTS

We and the trust entered into a registration agreement with the initial purchasers of the TIDES for the benefit of the holders of the TIDES wherein we and the trust agreed, at our sole expense, to use our best efforts to keep effective the shelf registration statement, of which this prospectus is a part, for two years or such other period as required under Rule 144(k) of the Securities Act or any successor rule hereto or, if earlier, such time as all of the applicable securities have been sold thereunder.

We will provide to each holder for whom the registration statement was filed copies of this prospectus, which is a part of the registration statement, and take certain other actions as are required to permit unrestricted resales of the securities. A holder that sells securities pursuant to this registration statement is required to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the registration agreement that are applicable to such a holder (including certain indemnification rights and obligations).

If we or the trust fail to keep the registration statement, of which this prospectus is a part, continuously effective and usable (subject to some exceptions) for the period required by the registration agreement, then additional interest, referred to in this prospectus as special interest, will accrue on the debentures, and corresponding special distributions will accrue on the TIDES and common securities, in each case from and including the day following the registration default to but excluding the day on which the registration default has been cured or has been deemed to have been cured. Special interest and special distributions will be paid in cash quarterly in arrears on each interest payment date commencing with the first interest payment date following the applicable registration default and will accrue at a rate so that the interest rate or distribution rate, as the case may, will be increased 0.50% per annum of the principal amount or liquidation amount, as applicable. Following the cure of a registration default, special interest and special distributions will cease to accrue with respect to the applicable registration default.

Each security contains a legend to the effect that the holder of the security, by its acceptance of the security, is deemed to have agreed to be bound by the provisions of the registration agreement.

The registration agreement is governed by, and construed in accordance with, the laws of the State of New York. This summary of the registration agreement is not complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the registration agreement. A form of the registration agreement is filed as an exhibit to the registration statement of which this prospectus is a part.

SELLING HOLDERS

The TIDES were originally issued by the trust and sold by Credit Suisse First Boston Corporation and UBS Warburg LLC in a transaction exempt from the registration requirements of the Securities Act, to persons reasonably believed by such initial purchasers to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act). The holders named below and their transferees, pledgees, donees or successors, which we refer to as the selling holders, may from time to time offer and sell pursuant to this prospectus any or all of the TIDES, and any common stock issued upon conversion of the TIDES.

The following table sets forth information, as of February 6, 2001, with respect to the selling holders of the TIDES and the respective number of TIDES beneficially owned by each selling holder that the selling holder may offer using this prospectus.

Selling Holder -----	Principal Amount of TIDES Beneficially Owned and Offered by this Prospectus -----	Number of Shares of Common Stock Owned Prior to the Offering (1) -----	Number of Shares of Common Stock Offered by this Prospectus (1)(2) -----
AIG SoundShore Holdings Ltd.....	154,000 =====	128,333 =====	128,333 =====
AIG SoundShore Strategic Holding Fund Ltd...	66,000 =====	55,000 =====	55,000 =====
Evergreen Equity Income Fund.....	160,000 =====	133,333 =====	133,333 =====
Lipper Convertibles, L.P.....	750,000	625,000	625,000
Kellner, DiLeo & Co.	15,000	12,500	12,500
Morgan Stanley & Co.....	25,000 =====	20,833 =====	20,833 =====
R(2) Investments, LDC.....	200,000 =====	166,666 =====	166,666 =====
Subtotal.....	1,370,000 =====	1,141,665 =====	1,141,665 =====
Unnamed holders of TIDES or any future transferees, pledgees, donees or successors of or from any such named holder (3)(4).....	3,630,000 =====	3,025,002 =====	3,025,002 =====

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- (1) Comprises the shares of common stock into which the TIDES held by such selling holder are convertible at the initial conversion price. The conversion price and the number of shares of common stock issuable upon conversion of the TIDES are subject to adjustment under certain circumstances. Accordingly, the number of shares of common stock issuable upon conversion of the TIDES may increase or decrease from time to time. Fractional shares will not be issued upon conversion of the TIDES; rather, cash will be paid in lieu of fractional shares, if any.
 - (2) Assumes the offering of such shares by such selling holder pursuant to the registration statement of which this prospectus forms a part.
 - (3) No such holder may offer TIDES or common stock pursuant to the registration statement of which this prospectus forms a part until such holder is included as a selling holder in a supplement to this prospectus.
 - (4) Assumes that the unnamed holders of TIDES or common stock or any future transferees, pledgees, donees or successors of or from any such named holder do not beneficially own any common stock other than the common stock issuable upon conversion of the TIDES at the initial conversion price.

None of the selling holders has, or within the past three years has had, any position, office or other material relationship with the trust or us or any of its or our predecessors or affiliates.

Because the selling holders may, pursuant to this prospectus, offer all or some portion of the TIDES or common stock they presently hold, no estimate can be given as to the amount of the TIDES or shares of common stock that will be held by the selling holders upon termination of any such sales. In addition, some or all of the selling holders identified above may have sold, transferred or otherwise disposed of all or a portion of their TIDES or common stock since the date on which they provided the information regarding their TIDES or common stock, in transactions exempt from the registration requirements of the Securities Act.

Only selling holders identified above who beneficially own the TIDES or common stock set forth opposite each such selling holder's name in the foregoing table on the effective date of the registration statement of which this prospectus forms a part may sell such TIDES or common stock pursuant to the registration statement. We may from time to time include additional selling holders in supplements to this prospectus.

We will pay the expenses of registering the TIDES and common stock being offered by this prospectus.

PLAN OF DISTRIBUTION

The offered securities may be sold from time to time to purchasers directly by the selling holders. Alternatively, the selling holders may from time to time offer the offered securities to or through underwriters, broker/dealers or agents, who may receive compensation in the form of underwriting discounts, concessions or commissions from the selling holders or the purchasers of such offered securities for whom they may act as agents. The selling holders and any underwriters, broker/dealers or agents that participate in the distribution of offered securities may be deemed to be "underwriters" within the meaning of the Securities Act, and any profit on the sale of such securities by them and any underwriter, broker/dealer or agent may be deemed to be underwriting discounts and commissions under the Securities Act.

The offered securities may be sold by the selling holders from time to time, in one or more transactions at fixed prices, at prevailing market prices at the time of sale, at varying prices determined at the time of sale or at negotiated prices. Such prices will be determined by the selling holders. The sale of the offered securities may be effected in transactions (which may involve crosses or block transactions) (1) on any national securities exchange or quotation service on which the offered securities may be listed or quoted at the time of sale, (2) in the over-the-counter market, (3) otherwise than on such exchanges or in the over-the-counter market or (4) through the writing of options. At the time a particular offering of the offered securities is made, if required, a prospectus supplement will be distributed which will set forth the names of the selling holders, the aggregate amount and type of offered securities being offered, and, to the extent required, the terms of the offering, including the name or names of any underwriters, broker/dealers or agents, any discounts, commissions and other terms constituting compensation from the selling holders and any discounts, commissions or concessions allowed or reallocated or paid to broker/dealers.

To comply with the securities laws of certain jurisdictions, if applicable, the offered securities will be offered or sold in such jurisdictions only through registered or licensed brokers or dealers. In addition, in certain jurisdictions the offered securities may not be offered or sold unless they have been registered or qualified for sale in such jurisdictions or any exemption from registration or qualification is available and is complied with.

Under applicable rules and regulations under the Exchange Act, any person engaged in a distribution of the offered securities may be limited in its ability to engage in market activities with respect to such securities. In addition and without limiting the foregoing, each selling holder will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, which provisions may limit the timing of purchases and sales of any of the offered securities by the selling holders. All of the foregoing may affect the marketability of the offered securities.

Pursuant to the registration agreement, we will pay all expenses of the registration of the offered securities, including, without limitation, SEC filing fees and expenses of compliance with state securities or "blue sky" laws. The selling holders will pay any underwriting discounts and selling commissions. The selling holders will be indemnified by us and the trust, jointly and severally, against certain civil liabilities, including certain liabilities under the Securities Act, or will be entitled to contribution in connection therewith. We and the trust will be indemnified by the selling holders severally against certain civil liabilities, including certain liabilities under the Securities Act, or will be entitled to contribution in connection therewith.

Pursuant to the registration agreement, we are required to use our best efforts to keep the registration statement, of which this prospectus is a part, continuously effective for a period of two years from its effective date or such shorter period that will terminate upon the earlier of the date on which the offered securities shall have been sold pursuant to the registration statement or the date on which the offered securities are permitted to be freely sold or distributed to the public pursuant to any exemption from the registration requirements of the Securities Act (including in reliance on Rule 144(k) but excluding in reliance on Rule 144A under the Securities Act). Notwithstanding these obligations, we may, under certain circumstances, postpone or suspend the filing or the effectiveness of the registration statement (or any amendments or supplements thereto) or the sale of offered securities under the registration statement.

LEGAL MATTERS

Morris, Nichols, Arsht & Tunnell, special Delaware counsel to the trust and us, will pass on certain matters of Delaware law relating to the validity of the TIDES. The validity of the guarantee, the debentures and the common stock issuable upon conversion of the TIDES, as well as certain tax matters, will be passed on by Cleary, Gottlieb, Steen & Hamilton, New York, New York.

EXPERTS

Ernst & Young LLP, independent auditors, have audited our consolidated financial statements and schedule included in our Annual Report on Form 10-K for the year ended December 31, 2000 as set forth in their reports, which are incorporated by reference in this prospectus and elsewhere in the registration statement of which this prospectus is a part. Our financial statements and schedule are incorporated by reference in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

[CONTINENTAL LOGO]

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.

The following table sets forth the estimated expenses in connection with the distribution of the securities covered by this Registration Statement. Continental Airlines, Inc. (the "Company") will bear all of these expenses except as otherwise indicated.

Registration fee.....	\$62,500
Fees and expenses of accountants.....	*
Fees and expenses of legal counsel.....	*
Fees and expenses of Trustee and counsel.....	*
Printing and engraving expenses.....	*
Miscellaneous.....	*

Total.....	\$ *
	=====

* To be filed by amendment.

Item 15. Indemnification of Directors and Officers.

The Company's Certificate of Incorporation and By-Laws provide that the Company will indemnify each of its directors and officers to the full extent permitted by the laws of the State of Delaware and may indemnify certain other persons as authorized by the Delaware General Corporation Law (the "GCL"). Section 145 of the GCL provides as follows:

"(a) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed actions, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the person's conduct was unlawful.

(b) A corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnify for such expenses which the Court of Chancery or such other court shall deem proper.

(c) To the extent that a present or former director or officer of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) of this section, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

(d) Any indemnification under subsections (a) and (b) of this section (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because the person has met the applicable standard of conduct set forth in subsections (a) and (b) of this section. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (1) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders.

(e) Expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative, or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation as authorized in this section. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the corporation deems appropriate.

(f) The indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of this section shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.

(g) A corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under this section.

(h) For purposes of this section, references to 'the corporation' shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this section with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued.

(i) For purposes of this section, references to 'other enterprises' shall include employee benefit plans; references to 'fines' shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to 'serving at the request of the corporation' shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner 'not opposed to the best interests of the corporation' as referred to in this section.

(j) The indemnification and advancement of expenses provided by, or granted pursuant to, this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(k) The Court of Chancery is hereby vested with exclusive jurisdiction to hear and determine all actions for advancement of expenses or indemnification brought under this section or under any bylaw, agreement, vote of stockholders or disinterested directors, or otherwise. The Court of Chancery may summarily determine a corporation's obligation to advance expenses (including attorneys' fees)."

The Company's Certificate of Incorporation and By-Laws also limit the personal liability of directors to the Company and its stockholders for monetary damages resulting from certain breaches of the directors' fiduciary duties. The Company's Certificate of Incorporation provides as follows:

"No Director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director, except for liability (i) for any breach of the Director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the GCL, or (iv) for any transaction from which the Director derived any improper personal benefit. If the GCL is amended . . . to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a Director of the Corporation shall be eliminated or limited to the fullest extent permitted by the GCL, as so amended."

The Company maintains directors' and officers' liability insurance.

Item 16. Exhibits.

The following documents are filed as exhibits to this Registration Statement, including those exhibits incorporated herein by reference to a prior

filing of the Company under the Securities Act or the Exchange Act as indicated in parenthesis:

Exhibit -----	Description -----
4.1	Amended and Restated Certificate of Incorporation of the Company, including Exhibit A thereto containing the Certificate of Designation of Series A Junior Participating Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2000).*
4.2	Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2000).*
4.3	Specimen of Class B common stock certificate of the Company (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1 (File No. 33-68870)).*
4.4	Certificate of Designation of Series B Preferred Stock (incorporated by reference to Exhibit 3.1(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2000).*
4.5	Form of Series B Preferred Stock Certificate (incorporated by reference to Exhibit 3.1(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2000).*
4.6	Certificate of Trust of Continental Airlines Finance Trust II, dated November 6, 2000, filed with the Secretary of State of the State of Delaware.
4.7	Declaration of Trust of Continental Airlines Finance Trust II, dated as November 6, 2000, by the Company, as trustee.
4.8	Amended and Restated Declaration of Trust of Continental Airlines Finance Trust II, dated as of November 10, 2000 among the Company, as sponsor, Wilmington Trust Company, as property trustee, and the administrative trustees.
4.9	Indenture for the 6% Convertible Junior Subordinated Debentures, dated as of November 10, 2000 between the Company, as issuer, and Wilmington Trust Company, as trustee.
4.10	Form of Continental Airlines Finance Trust 6% Convertible Preferred Securities, Term Income Deferrable Equity Securities (TIDES)SM (included in Exhibit 4.8).
4.11	Form of Continental Airlines, Inc. 6% Convertible Junior Subordinated Debentures due 2030 (included in Exhibit 4.9).
4.12	Convertible Preferred Securities Guarantee, dated as of November 10, 2000, between the Company, as guarantor, and Wilmington Trust Company, as guarantee trustee.
4.13	Common Securities Guarantee, dated as of November 10, 2000, by the Company, as guarantor.
4.14	Amended and Restated Rights Agreement, dated as of November 15, 2000, between the Company and ChaseMellon Shareholder Services, LLC, including as Exhibit B the Form of Right Certificate (incorporated by reference to Exhibit 99.11 to the Company's Current Report on Form 8-K dated November 15, 2000).*
5.1	Opinion of Cleary, Gottlieb, Steen & Hamilton as to the validity of the securities registered.
5.2	Opinion of Morris, Nichols, Arsht & Tunnell as to certain matters of Delaware law.
8.1	Opinion of Cleary, Gottlieb, Steen & Hamilton as to certain tax matters.
10.1	Registration Rights Agreement, dated as of November 10, 2000, by and among Continental Airlines Finance Trust II, the Company and Credit Suisse First Boston Corporation and UBS Warburg LLC.
12.1	Statement Regarding Computation of Ratios.
23.1	Consent of Ernst & Young LLP, independent accountants.
23.2	Consent of Cleary, Gottlieb, Steen & Hamilton (included in the opinions filed as Exhibits 5.1 and 8.1).
23.3	Consent of Morris, Nichols, Arsht & Tunne (included in the opinion filed as Exhibit 5.2).
24.1	Powers of Attorney.
25.1	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of Wilmington Trust Company, as indenture trustee under the Indenture.
25.2	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of Wilmington Trust Company, as property trustee under the Amended and Restated Declaration of Trust.

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* Previously filed.

Item 17. Undertakings

(a) The undersigned registrants hereby undertake:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; notwithstanding the foregoing, any increase or decrease in the volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee", table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that the undertakings set forth in clauses (i) and (ii) above do not apply if the registration statement is on Form S-3, Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those clauses is contained in periodic reports filed with or furnished to the Securities and Exchange Commission by the Company pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report, to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X is not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

(4) To file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act in accordance with the rules and regulations prescribed by the Commission under Section 305(b)(2) of the Act.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrants certify that they have reasonable grounds to believe that they meet all of the requirements for filing on Form S-3 and have duly caused this registration statement to be signed on their behalf by the undersigned, thereunto duly authorized in the City of Houston, State of Texas, February 7, 2001.

CONTINENTAL AIRLINES, INC.

By: /s/ Lawrence W. Kellner

Name: Lawrence W. Kellner
Title: Executive Vice President
and Chief Financial Officer

CONTINENTAL AIRLINES FINANCE TRUST II

By: /s/ Gerald Laderman

Name: Gerald Laderman
Title: Administrative Trustee

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated, on February 7, 2001.

SIGNATURE	TITLE
* ----- Gordon M. Bethune	Chairman of the Board, Chief Executive Officer (Principal Executive Officer) and Director
* ----- Lawrence W. Kellner	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
* ----- Chris T. Kenny	Staff Vice President and Controller (Principal Accounting Officer)
* ----- Thomas J. Barrack, Jr.	Director
* ----- David Bonderman	Director
* ----- Gregory D. Brenneman	President, Chief Operating Officer and Director
* ----- Kirbyjon H. Caldwell	Director
* ----- Patrick Foley	Director
* ----- Douglas H. McCorkindale	Director
* ----- George G. C. Parker	Director
* ----- Richard W. Pogue	Director
* ----- William S. Price III	Director
* ----- Donald L. Sturm	Director
* ----- Karen Hastie Williams	Director
* -----	Director

*By: /s/ Scott R. Peterson

Name: Scott R. Peterson
Attorney in Fact

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated, on February 7, 2001.

SIGNATURE	TITLE
/s/ Gerald Laderman ----- Gerald Laderman	Administrative Trustee
/s/ Lawrence W. Kellner ----- Lawrence W. Kellner	Administrative Trustee

EXHIBIT INDEX

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25.3 Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of Wilmington Trust Company, as preferred guarantee trustee under the Preferred Securities Guarantee.

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* Previously filed.

CERTIFICATE OF TRUST

OF

CONTINENTAL AIRLINES FINANCE TRUST II

This Certificate of Trust is being executed as of November 6, 2000 for the purpose of creating a business trust pursuant to the Delaware Business Trust Act, 12 Del. C.ss.ss. 3801 et seq. (the "Act").

The undersigned hereby certify as follows:

1. Name: The name of the business trust is Continental Airlines Finance Trust II (the "Trust").

2. Delaware Trustee. The name and business address of the Delaware resident trustee of the Trust meeting the requirements of Section 3807 of the Act are as follows:

Wilmington Trust Company
Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890

3. Effective. The Certificate of Trust shall be effective immediately upon filing in the Office of the Secretary of State of the State of Delaware.

4. Counterparts. This Certificate of Trust may be executed in one or more counterparts.

IN WITNESS WHEREOF, the undersigned, being all of the trustees of the Trust, have duly executed this Certificate of Trust as of the day and year first above written.

WILMINGTON TRUST COMPANY,
as Delaware Trustee

By: /s/ W. Chris Sponenberg

Name: W. Chris Sponenberg
Title: Assistant Vice President

/s/ Lawrence W. Kellner

Lawrence W. Kellner, as Trustee

/s/ Jeffrey A. Smisek

Jeffrey A. Smisek, as Trustee

DECLARATION OF TRUST

DECLARATION OF TRUST, dated as of November 6, 2000, between Continental Airlines, Inc., a Delaware corporation, as Sponsor, Wilmington Trust Company, a Delaware banking corporation, as Delaware Trustee, and Lawrence W. Kellner and Jeffery A. Smisek, as Administrative Trustees (collectively with the Delaware Trustee, the "Trustees"). The Sponsor and the Trustees hereby agree as follows:

1. The trust created hereby (the "Trust") shall be known as "Continental Airlines Finance Trust II", in which name the Trustees, or the Sponsor to the extent provided herein, may conduct the business of the Trust, make and execute contracts, and sue and be sued.
2. The Sponsor hereby assigns, transfers, conveys and sets over to the Trust the sum of \$10. The Trustees hereby acknowledge receipt of such amount from the Sponsor, which amount shall constitute the initial trust estate. The Trustees hereby declare that they will hold the trust estate for the Sponsor. It is the intention of the parties hereto that the Trust created hereby constitute a business trust under Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. ss.ss. 3801 et seq. (the "Business Trust Act"), and that this document constitute the governing instrument of the Trust. The Trustees are hereby authorized and directed to execute and file a certificate of trust in the office of the Secretary of State of the State of Delaware in the form attached hereto. The Trust is hereby established by the Sponsor and the Trustees for the purposes of (i) issuing preferred securities ("Preferred Securities") representing undivided beneficial interests in the assets of the Trust in exchange for cash and investing the proceeds thereof in debt securities of the Sponsor, (ii) issuing and selling common securities ("Common Securities" and, together with the Preferred Securities, "Trust Securities") representing undivided beneficial interests in the assets of the Trust to the Sponsor in exchange for cash and investing the proceeds thereof in additional debt securities of the Sponsor and (iii) engaging in such other activities as are necessary, convenient or incidental thereto.
3. Concurrent with the first issuance of any Trust Securities by the Trust, the Sponsor and the Trustees intend to enter into an amended and restated Declaration of Trust, satisfactory to each such party and having substantially the terms described in the offering circular (as referred to below), to provide for the contemplated operation of the Trust created hereby and the issuance of the Preferred Securities and the Common Securities referred to therein. Prior to the execution and delivery of such amended and restated Declaration of Trust, the Trustees shall not have any duty or obligation hereunder or with respect to the trust estate, except as otherwise required by applicable law or as may be necessary to obtain, prior to such execution and delivery, any licenses, consents or approvals required by applicable law or otherwise.
4. The Sponsor and the Trustees hereby authorize and direct the Sponsor, as the sponsor of the Trust, as applicable, (i) to prepare and distribute one or more offering circulars on behalf of the Trust, including any necessary or desirable amendments thereto (including any exhibits contained therein or forming a part thereof), relating to the Preferred Securities of the Trust and, as applicable, certain other securities; (ii) to prepare and file with the Private Offering, Resales and Trading through Automatic Linkages (PORTAL) Market ("PORTAL") and execute on behalf of the Trust a listing application and all other applications, statements, certificates, agreements and other instruments as shall be necessary or desirable to cause the Preferred Securities to be listed and continue to be listed on PORTAL; (iii) to prepare and file and execute, in each case on behalf of the Trust, such applications, reports, surety bonds, irrevocable consents, appointments of attorney for service of process and other papers and documents as shall be necessary or desirable to register the Preferred Securities under the securities or "blue sky" laws of such jurisdictions as the Sponsor, on behalf of the Trust, may deem necessary or desirable; (iv) to negotiate the terms of, and execute on behalf of the Trust, such underwriting or purchase agreements with one or more underwriters, purchasers, dealers or agents relating to the Preferred Securities as the Sponsor, on behalf of the Trust, may deem necessary or desirable; and (v) to execute on behalf of the Trust any and all documents, papers and instruments as may be desirable in connection with any of the foregoing. It is hereby acknowledged and agreed that in connection with any execution, filing or document referred to in clauses (i)-(iii) above, (A) any Administrative Trustee (or his attorneys-in-fact and agents or the Sponsor as permitted herein) is authorized on behalf of the Trust to file and execute such document on behalf of the Trust and (B) the Delaware Trustee shall not be required to join in any such filing or execute on behalf of the Trust any such document unless required by the rules and regulations of PORTAL or state securities or blue sky laws, and in such case only to the extent so required.
5. This Declaration of Trust may be executed in one or more counterparts.
6. The number of Trustees initially shall be three (3) and thereafter the number of Trustees shall be such number as shall be fixed from time to time by a written instrument signed by the Sponsor which may increase or decrease the number of Trustees; provided, however, that the number of Trustees shall in no event be less than three (3); and provided, further, however, that to the extent required by the Business Trust Act, one Trustee shall either be a natural person who is a resident of the State of Delaware or, if not a natural person, an entity that has its principal place of business in the State of Delaware and meets any other requirements imposed by applicable law. Subject to the foregoing, the Sponsor is entitled to appoint or remove without cause any Trustee at any time. Any Trustee may resign upon thirty days prior notice to the Sponsor; provided, however, that the Delaware Trustee may resign immediately upon notice to the Sponsor if the Delaware Trustee is required to join in any filing or execute on behalf of the Trust any document pursuant to the provisions of paragraph 4 hereof and, upon giving such notice, the Delaware Trustee shall not be required to join in any such filing or execute on behalf of the Trust any such document; provided, further, however, that no resignation of the Delaware

Trustee shall be effective until a successor Delaware Trustee has been appointed and has accepted such appointment by instrument executed by such successor Delaware Trustee and delivered to the Trust, the Sponsor and the resigning Delaware Trustee.

7. To the fullest extent permitted by applicable law, the Sponsor agrees to indemnify (i) the Delaware Trustee, (ii) any affiliate of the Delaware Trustee, and (iii) any officers, directors, shareholders, members, partners, employees, representatives, nominees, custodians or agents of the Delaware Trustee (each of the persons or entities in (i) through (iii) being referred to as an "Indemnified Person") for, and to hold each Indemnified Person harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses (including reasonable legal fees and expenses) of defending itself against, or investigating, any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The obligation to indemnify as set forth in this paragraph 7 shall survive the termination of this Declaration. The Delaware Trustee shall not have any of the powers or duties of the trustees set forth herein, except as required under the Business Trust Act. The Delaware Trustee shall be a trustee hereunder for the sole and limited purpose of fulfilling the requirements of Section 3807(a) of the Business Trust Act.

8. The Trust may terminate without issuing any Trust Securities at the election of the Sponsor.

9. This Declaration shall be governed by the laws of the State of Delaware, without regard to conflict of laws principles.

IN WITNESS WHEREOF, the parties hereto have caused this Declaration of Trust to be duly executed as of the day and year first above written.

CONTINENTAL AIRLINES, INC.,
as Sponsor

By: /s/ Gregory Brenneman

Name: Gregory Brenneman
Title: President

WILMINGTON TRUST COMPANY,
as Delaware Trustee

By: /s/ W. Chris Sponenberg

Name: W. Chris Sponenberg
Title: Assistant Vice President

/s/ Lawrence W. Kellner

Lawrence W. Kellner, as Trustee

/s/ Jeffery A. Smisek

Jeffery A. Smisek, as Trustee

AMENDED AND RESTATED

DECLARATION OF TRUST

of

CONTINENTAL AIRLINES FINANCE TRUST II

Dated as of November 10, 2000

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CROSS-REFERENCE TABLE*

Section of Trust Indenture Act of 1939, as amended -----	Section of Declaration -----
310 (a)	5.03(a)
310 (c)	Inapplicable
311 (c)	Inapplicable
312 (a)	2.02(a)
312 (b)	2.02(b)
313	2.03
314 (a)	2.04
314 (b)	Inapplicable
314 (c)	2.05
314 (d)	Inapplicable
314 (f)	Inapplicable
315 (a)	3.09(a), 3.09(b)
315 (c)	3.09(a)
315 (d)	3.09(b)
316 (a)	Annex I
316 (c)	3.06(e)

* This Cross-Reference Table does not constitute part of the Declaration and shall not affect the interpretation of any of its terms or provisions.

AMENDED AND RESTATED DECLARATION OF TRUST
OF
CONTINENTAL AIRLINES FINANCE TRUST II

November 10, 2000

AMENDED AND RESTATED DECLARATION OF TRUST ("Declaration") dated and effective as of November 10, 2000, by the undersigned trustees (together with all other Persons from time to time duly appointed and serving as trustees in accordance with the provisions of this Declaration, the "Trustees"), Continental Airlines, Inc., a Delaware corporation, as trust sponsor (the "Sponsor"), and by the holders, from time to time, of undivided beneficial interests in the assets of the Trust (as defined below) issued pursuant to this Declaration;

WHEREAS, certain of the Trustees and the Sponsor established Continental Airlines Finance Trust II (the "Trust") under the Business Trust Act (as hereinafter defined) pursuant to a Declaration of Trust dated as of November 6, 2000 (the "Original Declaration"), and a Certificate of Trust filed with the Secretary of State of the State of Delaware on November 6, 2000, for the sole purpose of issuing and selling certain securities representing undivided beneficial interests in the assets of the Trust and investing the proceeds thereof in certain Debentures of the Debenture Issuer (as herein after defined); and

WHEREAS, as of the date hereof, no interests in the Trust have been issued;

WHEREAS, all of the Trustees and the Sponsor, by this Declaration, amend and restate each and every term and provision of the Original Declaration; and

NOW, THEREFORE, it being the intention of the parties hereto to continue the Trust as a business trust under the Business Trust Act and that this Declaration constitute the governing instrument of such business trust, the Trustees declare that all assets contributed to the Trust will be held in trust for the benefit of the holders, from time to time, of the securities representing undivided beneficial interests in the assets of the Trust issued hereunder, subject to the provisions of this Declaration.

ARTICLE I

INTERPRETATION AND DEFINITIONS

SECTION 1.01 Definitions.

Unless the context otherwise requires:

(a) Capitalized terms used in this Declaration but not defined in the preamble above have the respective meanings assigned to them in this Declaration, and any capitalized term not defined in this Declaration shall have the meaning assigned thereto in the Indenture;

(b) a term defined anywhere in this Declaration has the same meaning throughout;

(c) all references to "the Declaration" or "this Declaration" are to this Declaration as modified, supplemented or amended from time to time;

(d) all references in this Declaration to Articles, Sections, Annexes and Exhibits are to Articles and Sections of and Annexes and Exhibits to this Declaration unless otherwise specified;

(e) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles;

(f) a term defined in the Trust Indenture Act has the same meaning when used in this Declaration unless otherwise defined in this Declaration or unless the context otherwise requires; and

(g) a reference to the singular includes the plural and vice versa.

"Administrative Action" has the meaning set forth in the definition of "Tax Event".

"Administrative Trustee" means any Trustee other than the Property Trustee and the Delaware Trustee.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means any Registrar, Paying Agent, Conversion Agent or co-registrar.

"Appointment Event" means an event defined in the terms of the Preferred Securities, as set forth in Annex I, which entitles the Holders of a Majority in liquidation amount of the Preferred Securities to appoint a Special

Trustee.

"Authorized Officer" of a Person means any Person that is authorized to bind such Person.

"Beneficiaries" has the meaning set forth in Section 4.03(a).

"Book Entry Interest" means a beneficial interest in a global certificate, ownership and transfers of which shall be maintained and made through book entries by a Depository as described in Section 7.03.

"Business Day" means any day other than a Saturday or a Sunday, a day on which banking institutions in New York, New York or Wilmington, Delaware are authorized or required by law or executive order to remain closed, or a day on which the corporate trust office of the Property Trustee or the Debenture Trustee is closed for business.

"Business Trust Act" means Chapter 38 of Title 12 of the Delaware Code, 12 Del. Code Section 3801 et seq., as it may be amended from time to time, or any successor legislation.

"Certificate" means a certificate in global or definitive form representing a Common Security or a Preferred Security.

"Closing Date" means November 10, 2000.

"Code" means the Internal Revenue Code of 1986, as amended, or any successor legislation.

"Commission" means the Securities and Exchange Commission as from time to time constituted, created, or, if at any time after execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Common Securities" has the meaning specified in Section 7.01(a).

"Common Securities Guarantee" means the guarantee agreement to be dated as of November 10, 2000 of the Sponsor in respect of the Common Securities.

"Conversion Agent" has the meaning set forth in Section 7.04.

"Covered Person" means: (a) any officer, director, shareholder, partner, member, representative, employee or agent of (i) the Trust or (ii) the Trust's Affiliates; and (b) any Holder of Securities.

"Debenture Event of Default" in respect of the Securities means an Event of Default (as defined in the Indenture) has occurred and is continuing in respect of the Debentures.

"Debenture Issuer" means the Sponsor in its capacity as issuer of the Debentures.

"Debenture Trustee" means Wilmington Trust Company, a Delaware banking corporation, as trustee under the Indenture until a successor is appointed thereunder, and thereafter means such successor trustee.

"Debentures" means the series of Debentures to be issued by the Debenture Issuer under the Indenture to be held by the Property Trustee, in the form attached to the Indenture as Exhibit A.

"Delaware Trustee" has the meaning set forth in Section 5.02.

"Deferral Period" has the meaning set forth in the Indenture.

"Definitive Preferred Securities" means any Preferred Securities in definitive form issued by the Trust.

"Depository" means The Depository Trust Company, the initial clearing agency, until a successor shall be appointed pursuant to Section 9.06, and thereafter means such successor Depository.

"Distribution" means a distribution payable to Holders of Securities in accordance with Section 6.01.

"Event of Default" means:

(i) a Debenture Event of Default; or

(ii) default by the Trust in the payment of any Distribution when it becomes due and payable, and continuation of such default for a period of 30 days (subject to the deferral of any due date in the case of a Deferral Period); or

(iii) default by the Trust in the payment of any Redemption Price of any Security when it becomes due and payable; or

(iv) default in the performance, or breach, in any material respect, of any covenant or warranty of the Trustees in the Declaration (other than a covenant or warranty, a default in the performance of which or the breach of which is addressed in clause (ii) or (iii) above), and continuation of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the defaulting Trustee or Trustees by the holders of at least 25% in aggregate liquidation amount of the outstanding Preferred Securities, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under the Declaration; or

(v) the failure of the Sponsor to appoint a successor Property Trustee in the manner required by Section 5.06(c).

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor legislation.

"Global Preferred Securities" means Rule 144A Global Preferred Securities and/or Unrestricted Global Preferred Securities, as the context requires.

"Holder" means a Person in whose name a Certificate representing a Security is registered, such Person being a beneficial owner within the meaning of the Business Trust Act.

"Indemnified Person" means (a) any Trustee; (b) any Affiliate of any Trustee; (c) any officers, directors, shareholders, members, partners, employees, representatives or agents of any Trustee; or (d) any employee or agent of the Trust or its Affiliates.

"Indenture" means the Indenture dated as of November 10, 2000, between the Debenture Issuer and the Debenture Trustee, as it may be amended from time to time.

"Investment Company" means an investment company as defined in the Investment Company Act.

"Investment Company Act" means the Investment Company Act of 1940, as amended from time to time, or any successor legislation.

"Legal Action" has the meaning set forth in Section 3.06(g).

"Like Amount" means (i) with respect to a redemption of Preferred Securities, Preferred Securities having an aggregate liquidation amount equal to that portion of the principal amount of Debentures to be contemporaneously redeemed in accordance with the Indenture, allocated to the Common Securities and to the Preferred Securities based upon the relative liquidation amounts of such classes and the proceeds of which will be used to pay the applicable Redemption Price of the Preferred Securities and (ii) with respect to a distribution of Debentures to holders of Preferred Securities in connection with a dissolution or liquidation of the Trust, Debentures having a principal amount equal to the aggregate liquidation amount of the Securities of the Holder to whom such Debentures are distributed.

"List of Holders" has the meaning set forth in Section 2.02(a).

"Majority in liquidation amount of the Securities" means, except as provided in the terms of the Preferred Securities and by the Trust Indenture Act, Holder(s) of outstanding Securities voting together as a single class or, as the context may require, Holders of outstanding Preferred Securities or Holders of outstanding Common Securities voting separately as a class, who are the record owners of more than 50% of the aggregate liquidation amount (including the stated amount that would be paid on redemption, liquidation or otherwise of all outstanding Securities of the relevant class).

"Ministerial Action" has the meaning set forth in the terms of the Securities as set forth in Annex I.

"Obligations" means any costs, expenses or liabilities of the Trust, other than obligations of the Trust to pay to Holders of any Securities or other similar interests in the Trust the amounts due such Holders pursuant to the terms of the Securities or such other similar interests, as the case may be.

"Offering Circular" means the confidential offering circular, dated as of November 6, 2000, relating to the issuance by the Trust of Preferred Securities.

"Officers' Certificate" means, with respect to any Person, a certificate signed by two Authorized Officers of such Person. Any Officers' Certificate delivered with respect to compliance with a condition or covenant provided for in this Declaration shall include:

(i) a statement that each officer signing the Certificate has read the covenant or condition and the definition relating thereto;

(ii) a brief statement of the nature and scope of the examination or investigation undertaken by each officer in rendering the Certificate;

(iii) a statement that each such officer has made such examination or investigation as, in such officer's opinion, is necessary to enable such officer to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such officer, such condition or covenant has been complied with.

"Optional Closing Date" has the meaning assigned to such term in the Purchase Agreement.

"Participants" has the meaning set forth in Section 7.03(b).

"Paying Agent" has the meaning specified in Section 7.04.

"Person" means a legal person, including any individual, corporation, estate, company, partnership, joint venture, association, joint stock company, limited liability company, trust, unincorporated association, or government or

any agency or political subdivision thereof, or any other entity of whatever nature.

"Preferred Securities" has the meaning specified in Section 7.01(a).

"Preferred Securities Guarantee" means the guarantee agreement to be dated as of November 10, 2000, of the Sponsor in respect of the Preferred Securities.

"Preferred Security Beneficial Owner" means, with respect to a Book Entry Interest, a Person who is the beneficial owner of such Book Entry Interest, as reflected on the books of the Depository, or on the books of a Person maintaining an account with such Depository (directly as a Participant or as an indirect participant, in each case in accordance with the rules of such Depository).

"Property Trustee" means the Trustee meeting the eligibility requirements set forth in Section 5.03.

"Property Trustee Account" has the meaning set forth in Section 3.08(c).

"Purchase Agreement" has the meaning set forth in Section 7.03.

"Quorum" means a majority of the Administrative Trustees or, if there are only two Administrative Trustees, both of them.

"Redemption Price" has the meaning set forth in Annex I.

"Registrar" has the meaning set forth in Section 7.04.

"Registration Rights Agreement" means the Registration Rights Agreement, dated November 10, 2000, among the Sponsor, the Trust, and the Purchasers named in the Purchase Agreement.

"Related Party" means, with respect to the Sponsor, any direct or indirect wholly owned subsidiary of the Sponsor or any other Person that owns, directly or indirectly, 100% of the outstanding voting securities of the Sponsor.

"Responsible Officer" means, with respect to the Property Trustee, any vice-president, any assistant vice-president, the treasurer, any assistant treasurer, any trust officer or assistant trust officer or any other officer in the Corporate Trust Department of the Property Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject.

"Restricted Preferred Securities" shall include the Rule 144A Global Preferred Securities.

"Restricted Securities Legend" has the meaning specified in Section 9.02(j).

"Rule 144A Global Preferred Security" has the meaning specified in Section 7.03(a).

"Securities" means the Common Securities and the Preferred Securities.

"Securities Act" means the Securities Act of 1933, as amended from time to time, or any successor legislation.

"Securities Custodian" means the custodian with respect to the Rule 144A Global Preferred Security and any other Preferred Security in global form.

"Securities Guarantees" means the Preferred Securities Guarantee and the Common Securities Guarantee.

"Special Trustee" means a trustee appointed by the Holders of a Majority in liquidation amount of the Preferred Securities in accordance with Section 5.06(a)(ii)(B).

"Sponsor" means Continental Airlines, Inc., a Delaware corporation, or any successor entity in a merger, consolidation or amalgamation, in its capacity as sponsor of the Trust.

"Successor Delaware Trustee" has the meaning set forth in Section 5.06.

"Successor Property Trustee" has the meaning set forth in Section 5.06.

"Super Majority" has the meaning set forth in Section 2.06(a)(ii).

"Tax Event" means the Property Trustee shall have received an opinion of nationally-recognized independent tax counsel to the Sponsor (reasonably acceptable to the Trustees) experienced in such matters (a "Dissolution Tax Opinion") to the effect that, as a result of (i) any amendment to or change (including any announced prospective change (which shall not include a proposed change), provided that a Tax Event shall not occur more than 90 days before the effective date of any such prospective change) in the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein, (ii) any judicial decision or official administrative pronouncement, ruling, regulatory procedure, notice or announcement, including any notice or announcement of intent to adopt such procedures or regulations (an "Administrative Action") or (iii) any amendment to or change in the administrative position or interpretation of any Administrative Action or judicial decision that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental agency or

regulatory body, irrespective of the manner in which such amendment or change is made known, which amendment or change is effective or such Administrative Action or decision is announced, in each case, on or after the date of original issuance of the Debentures or the issue date of the Preferred Securities issued by the Trust, there is more than an insubstantial risk that (a) if the Debentures are held by the Property Trustee, (I) the Trust is, or will be within 90 days of the date of such opinion, subject to United States Federal income tax with respect to interest accrued or received on the Debentures or subject to more than a de minimis amount of other taxes, duties or other governmental charges as determined by such counsel, or (II) any portion of interest payable by the Sponsor to the Trust on the Debentures is not, or within 90 days of the date of such opinion will not be, deductible by the Sponsor in whole or in part for United States Federal income tax purposes or (b) with respect to Debentures which are no longer held by the Property Trustee, any portion of interest payable by the Sponsor on the Debentures is not, or within 90 days of the date of such opinion will not be, deductible by the Sponsor in whole or in part for United States Federal income tax purposes.

"10% in liquidation amount of the Securities" means, except as provided in the terms of the Preferred Securities or by the Trust Indenture Act, Holders of outstanding Securities voting together as a single class or, as the context may require, Holders of outstanding Preferred Securities or Holders of outstanding Common Securities, voting separately as a class, representing 10% of the aggregate liquidation amount (including the stated amount that would be paid on redemption, liquidation or otherwise) of all outstanding Securities of the relevant class.

"Treasury Regulations" means the income tax regulations, including temporary and proposed regulations, promulgated under the Code by the United States Treasury, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended from time to time, or any successor legislation.

"Trustee" or "Trustees" means each Person who has signed this Declaration as a trustee, so long as such Person shall continue in office in accordance with the terms hereof, and all other Persons who may from time to time be duly appointed, qualified and serving as Trustees in accordance with the provisions hereof, and references herein to a Trustee or the Trustees shall refer to such Person or Persons solely in their capacity as trustees hereunder.

"Unrestricted Global Preferred Security" has the meaning set forth in Section 9.02(b).

ARTICLE II

TRUST INDENTURE ACT

SECTION 2.01 Trust Indenture Act; Application.

(a) This Declaration is subject to the provisions of the Trust Indenture Act that are required to be part of this Declaration, which are incorporated by reference in and made part of this Declaration and shall, to the extent applicable, be governed by such provisions.

(b) The Property Trustee shall be the only Trustee which is a Trustee for the purposes of the Trust Indenture Act.

(c) If and to the extent that any provision of this Declaration limits, qualifies or conflicts with the duties imposed by Sections 310 to 317, inclusive, of the Trust Indenture Act, such imposed duties shall control.

(d) The application of the Trust Indenture Act to this Declaration shall not affect the nature of the Securities as equity securities representing undivided beneficial interests in the assets of the Trust.

SECTION 2.02 Lists of Holders of Securities.

(a) Each of the Sponsor and the Administrative Trustees on behalf of the Trust shall provide the Property Trustee (i) within 14 days after each record date for payment of Distributions, a list, in such form as the Property Trustee may reasonably require, of the names and addresses of the Holders of the Securities ("List of Holders") as of such record date, provided that neither the Sponsor nor the Administrative Trustees on behalf of the Trust shall be obligated to provide such List of Holders at any time the List of Holders does not differ from the most recent List of Holders given to the Property Trustee by the Sponsor and the Administrative Trustees on behalf of the Trust, and (ii) at any other time, within 30 days of receipt by the Trust of a written request for a List of Holders as of a date no more than 14 days before such List of Holders is given to the Property Trustee. The Property Trustee shall preserve, in as current a form as is reasonably practicable, all information contained in Lists of Holders given to it or which it receives in its capacity as Paying Agent (if acting in such capacity), provided that the Property Trustee may destroy any List of Holders previously given to it on receipt of a new List of Holders.

(b) The Property Trustee shall comply with its obligations under Sections 311(a), 311(b) and 312(b) of the Trust Indenture Act.

SECTION 2.03 Reports by the Property Trustee.

Within 60 days after May 15 of each year, commencing May 15, 2001, the Property Trustee shall provide to the Holders of the Preferred Securities such reports as are required by Section 313 of the Trust Indenture Act, if any, in the form and in the manner provided by Section 313 of the Trust Indenture Act.

The Property Trustee shall also comply with the requirements of Section 313(d) of the Trust Indenture Act.

SECTION 2.04 Periodic Reports to Property Trustee.

Each of the Sponsor and the Administrative Trustees on behalf of the Trust shall provide to the Property Trustee such documents, reports and information as required by Section 314 of the Trust Indenture Act (if any) and the compliance certificate required by Section 314 of the Trust Indenture Act in the form, in the manner and at the times required by Section 314 of the Trust Indenture Act.

SECTION 2.05 Evidence of Compliance with Conditions Precedent.

Each of the Sponsor and the Administrative Trustees on behalf of the Trust shall provide to the Property Trustee such evidence of compliance with any conditions precedent, if any, provided for in this Declaration that relate to any of the matters set forth in Section 314(c) of the Trust Indenture Act. Any certificate or opinion required to be given by an officer pursuant to Section 314(c)(1) may be given in the form of an Officers' Certificate.

SECTION 2.06 Events of Default; Waiver.

(a) The Holders of a Majority in liquidation amount of Preferred Securities may, by vote, on behalf of the Holders of all of the Preferred Securities, waive any past Event of Default in respect of the Preferred Securities and its consequences, provided that, if the Event of Default:

(i) is caused by a Debenture Event of Default that is not waivable under the Indenture, the Event of Default under the Declaration shall also not be waivable;

(ii) is caused by a Debenture Event of Default that requires the consent or vote of greater than a majority in principal amount of the holders of the Debentures (a "Super Majority") to be waived under the Indenture, the Event of Default under the Declaration may only be waived by the vote of the Holders of at least the proportion in liquidation amount of the Preferred Securities that the relevant Super Majority represents of the aggregate principal amount of the Debentures outstanding;

(iii) is the result of a default by the Trust in the payment of any Distribution when it becomes due and payable, which default has continued for 30 days (subject to the deferral of any due date in the case of a Default Period), the Event of Default shall not be waivable; or

(iv) is the result of a default by the Trust in the payment of any Redemption Price of any Preferred Security when it becomes due and payable, the Event of Default shall not be waivable.

The foregoing provisions of this Section 2.06(a) shall be in lieu of Section 316(a)(1)(B) of the Trust Indenture Act and such Section 316(a)(1)(B) of the Trust Indenture Act is hereby expressly excluded from this Declaration and the Securities, as permitted by the Trust Indenture Act.

Upon such waiver, any such default shall cease to exist, and any Event of Default with respect to the Preferred Securities arising therefrom shall be deemed to have been cured for every purpose of this Declaration, but no such waiver shall extend to any subsequent or other default or an Event of Default with respect to the Preferred Securities or impair any right consequent thereon. Any waiver by the Holders of the Preferred Securities of an Event of Default with respect to the Preferred Securities shall also be deemed to constitute a waiver by the Holders of the Common Securities of any such Event of Default with respect to the Common Securities for all purposes of this Declaration without any further act, vote, or consent of the Holders of the Common Securities.

(b) The Holders of a Majority in liquidation amount of the Common Securities may, by vote, on behalf of the Holders of all of the Common Securities, waive any past Event of Default with respect to the Common Securities and its consequences, provided that, if the Event of Default is caused by a Debenture Event of Default that:

(i) is not waivable under the Indenture, except where the Holders of the Common Securities are deemed to have waived such Event of Default under the Declaration as provided below in this Section 2.06(b), the Event of Default under the Declaration shall also not be waivable; or

(ii) requires the consent or vote of a Super Majority to be waived, except where the Holders of the Common Securities are deemed to have waived such Event of Default under the Declaration as provided below in this Section 2.06(b), the Event of Default under the Declaration may only be waived by the vote of the Holders of at least the proportion in liquidation amount of the Common Securities that the relevant Super Majority represents of the aggregate principal amount of the Debentures outstanding;

provided further, each Holder of Common Securities will be deemed to have waived any such Event of Default and all Events of Default with respect to the Common Securities and its consequences until the effects of all Events of Default with respect to the Preferred Securities have been cured, waived or otherwise eliminated, and until such Events of Default have been so cured, waived or otherwise eliminated, the Property Trustee will be deemed to be acting solely on behalf of the Holders of the Preferred Securities and only the Holders of the Preferred Securities will have the right to direct the Property Trustee in accordance with the terms of the Securities. The foregoing provisions of this

Section 2.06(b) shall be in lieu of Sections 316(a)(1)(A) and 316(a)(1)(B) of the Trust Indenture Act and such Section 316(a)(1)(A) and 316(a)(1)(B) of the Trust Indenture Act are hereby expressly excluded from this Declaration and the Securities, as permitted by the Trust Indenture Act. Subject to the foregoing provisions of this Section 2.06(b), upon such waiver, any such default shall cease to exist and any Event of Default with respect to the Common Securities arising therefrom shall be deemed to have been cured for every purpose of this Declaration, but no such waiver shall extend to any subsequent or other default or Event of Default with respect to the Common Securities or impair any right consequent thereon.

(c) A waiver of an Event of Default under the Indenture by the Property Trustee at the direction of the Holders of the Preferred Securities, constitutes a waiver of the corresponding Event of Default under this Declaration. The foregoing provisions of this Section 2.06(c) shall be in lieu of Section 316(a)(1)(B) of the Trust Indenture Act and such Section 316(a)(1)(B) of the Trust Indenture Act is hereby expressly excluded from this Declaration and the Securities, as permitted by the Trust Indenture Act.

SECTION 2.07 Event of Default; Certain Notices.

(a) The Property Trustee shall, within ten business days after the occurrence of an Event of Default actually known to the Property Trustee, (i) transmit by mail, first-class postage prepaid, to the Holders of the Securities, and (ii) transmit by any means provided for in this Declaration to the Administrative Trustees and the Sponsor, notices of all defaults actually known to the Property Trustee, unless such defaults have been cured before the giving of such notice (the term "defaults" for the purposes of this Section 2.07(a) being hereby defined to be an Event of Default, not including any periods of grace and irrespective of the giving of any notice); provided that, except for a default in the payment of principal of (or premium, if any) or interest on any of the Debentures or in the payment of any sinking fund installment established for the Debentures, the Property Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or Responsible Officers of the Property Trustee in good faith determines that the withholding of such notice is in the interests of the Holders of the Securities.

(b) The Property Trustee shall not be deemed to have knowledge of any default except:

- (i) a default under Sections 5.01(1) and 5.01(2) of the Indenture; or
- (ii) any default as to which the Property Trustee shall have received written notice.

(c) The Property Trustee shall, within five business days after receipt by it of any notice pursuant to Section 3.13 of the Indenture, transmit by mail, first-class postage prepaid, to the Holders of the Securities, a copy of such notice.

ARTICLE III

ORGANIZATION

SECTION 3.01 Name.

The Trust is named "Continental Airlines Finance Trust II," as such name may be modified from time to time by the Administrative Trustees following written notice to the Holders of Securities. The Trust's activities may be conducted under the name of the Trust or any other name deemed advisable by the Administrative Trustees.

SECTION 3.02 Office.

The address of the principal office of the Trust is c/o Continental Airlines, Inc., 1600 Smith Street, Houston, Texas 77002, Attention: Chief Financial Officer. On ten Business Days' written notice to the Holders of Securities, the Administrative Trustees may designate another principal office.

SECTION 3.03 Purpose.

The exclusive purposes and functions of the Trust are (a) to issue and sell Securities and use the proceeds from such sale to acquire the Debentures, (b) distributing payments received on the Debentures to the Holders of the Securities and (c) except as otherwise limited herein, to engage in only those other activities necessary or incidental thereto. The Trust shall not borrow money, issue debt or reinvest proceeds derived from investments, pledge any of its assets, or otherwise undertake (or permit to be undertaken) any activity that would cause the Trust not to be classified for United States Federal income tax purposes as a grantor trust.

SECTION 3.04 Authority.

(a) Subject to the limitations provided in this Declaration and to the specific duties of the Property Trustee, the Administrative Trustees shall have exclusive and complete authority to carry out the purposes of the Trust. An action taken by the Administrative Trustees in accordance with their powers shall constitute the act of and serve to bind the Trust and an action taken by the Property Trustee in accordance with its powers shall constitute the act of and serve to bind the Trust. In dealing with the Trustees acting on behalf of the Trust, no person shall be required to inquire into the authority of the Trustees to bind the Trust. Persons dealing with the Trust are entitled to rely conclusively on the power and authority of the Trustees as set forth in this Declaration.

(b) Except as expressly set forth in this Declaration and except if a meeting of the Administrative Trustees is called with respect to any matter over which the Administrative Trustees have power to act, any power of the Administrative Trustees may be exercised by, or with the consent of, any one such Administrative Trustee.

(c) An Administrative Trustee may, by power of attorney consistent with applicable law, delegate to any other natural person over the age of 21 his or her power for the purposes of signing any documents which the Administrative Trustees have power and authority to cause the Trust to execute pursuant to Section 3.06.

SECTION 3.05 Title to Property of the Trust.

Except as provided in Section 3.08 with respect to the Debentures and the Property Trustee Account or as otherwise provided in this Declaration, legal title to all assets of the Trust shall be vested in the Trust. The Holders shall not have legal title to any part of the assets of the Trust, but shall have an undivided beneficial interest in the assets of the Trust.

SECTION 3.06 Powers and Duties of the Administrative Trustees.

The Administrative Trustees shall have, together (except in the case of paragraphs (a), (b) and (c) of this Section 3.06) with any Special Trustee holding office pursuant to Section 5.06, if any, the exclusive power, duty and authority to cause the Trust to engage in the following activities:

(a) to issue and sell the Preferred Securities and the Common Securities in accordance with this Declaration; provided, however, that the Trust may issue no more than one series of Preferred Securities and no more than one series of Common Securities, and, provided further, that there shall be no interests in the Trust other than the Securities, and the issuance of Securities shall be limited to simultaneous issuances of both Preferred Securities and Common Securities on the Closing Date and any Optional Closing Date;

(b) in connection with the issue and sale of the Preferred Securities, at the direction of the Sponsor, to:

(i) assist in the preparation of the Offering Circular and a preliminary offering circular, in each case prepared by the Sponsor, in relation to the offering and sale of Preferred Securities to qualified institutional buyers in reliance on Rule 144A under the Securities Act and to execute and file with the Commission, at such time as determined by the Sponsor, a registration statement filed on Form S-3 prepared by the Sponsor, including any amendments thereto, in relation to the Preferred Securities;

(ii) execute and file any documents prepared by the Sponsor, or take any acts as determined by the Sponsor to be necessary in order to qualify or register all or part of the Preferred Securities in any State or foreign jurisdiction in which the Sponsor has determined to qualify or register such Preferred Securities for sale;

(iii) execute and file an application, prepared by the Sponsor, to the Private Offerings, Resale and Trading through Automated Linkages ("PORTAL") Market and, at such time, if any, as determined by the Sponsor, to the New York Stock Exchange or any other national stock exchange or the Nasdaq National Market for listing or quotation of the Preferred Securities;

(iv) to execute and deliver letters, documents, or instruments with The Depository Trust Company relating the Preferred Securities;

(v) execute and file with the Commission, at such time as determined by the Sponsor, a registration statement on Form 8-A, including any amendments thereto, prepared by the Sponsor relating to the registration of the Preferred Securities under Section 12 of the Exchange Act; and

(vi) execute and enter into the Purchase Agreement, Registration Rights Agreement and other related agreements providing for the sale of the Preferred Securities and to provide any certificates or other documents in connection with such agreements;

(c) to acquire the Debentures with the proceeds of the sale of the Preferred Securities and the Common Securities; provided, however, that the Administrative Trustees shall cause legal title to the Debentures to be held of record in the name of the Property Trustee for the benefit of the Holders of the Preferred Securities and the Holders of Common Securities;

(d) to give the Sponsor and the Property Trustee prompt written notice of the occurrence of a Tax Event; provided that the Administrative Trustees (and Special Trustee, if any) shall consult with the Sponsor and the Property Trustee before taking or refraining from taking any Ministerial Action in relation to a Tax Event;

(e) to establish a record date with respect to all actions to be taken hereunder that require a record date be established, including and with respect to, for the purposes of Section 316(c) of the Trust Indenture Act, Distributions, voting rights, redemptions and exchanges, and to issue relevant notices to the Holders of Preferred Securities and Holders of Common Securities as to such actions and applicable record dates;

(f) to take all actions and perform such duties as may be required of the Administrative Trustees pursuant to the terms of the Securities and this Declaration;

(g) to bring or defend, pay, collect, compromise, arbitrate, resort to legal action, or otherwise adjust claims or demands of or against the Trust ("Legal Action"), unless pursuant to Section 3.08(e), the Property Trustee has the exclusive power to bring such Legal Action;

(h) to employ or otherwise engage employees and agents (who may be designated as officers with titles) and managers, contractors, advisors, and consultants and pay reasonable compensation for such services;

(i) to cause the Trust to comply with the Trust's obligations under the Trust Indenture Act;

(j) to give the certificate required by Section 314(a)(4) of the Trust Indenture Act to the Property Trustee, which certificate may be executed by any Administrative Trustee;

(k) to incur expenses that are necessary or incidental to carry out any of the purposes of the Trust;

(l) to act as, or appoint another Person to act as, registrar and transfer agent for the Securities;

(m) to give prompt written notice to the Holders of the Securities of any notice received from the Debenture Issuer of its election to defer payments of interest on the Debentures by extending the interest payment period under the Indenture;

(n) to execute all documents or instruments, perform all duties and powers, and do all things for and on behalf of the Trust in all matters necessary or incidental to the foregoing;

(o) to take all action that may be necessary or appropriate for the preservation and the continuation of the Trust's valid existence, rights, franchises and privileges as a statutory business trust under the laws of the State of Delaware and of each other jurisdiction in which such existence is necessary to protect the limited liability of the Holders of the Preferred Securities or to enable the Trust to effect the purposes for which the Trust was created;

(p) to take any action, not inconsistent with this Declaration or with applicable law, that the Administrative Trustees determine in their discretion to be necessary or desirable in carrying out the activities of the Trust as set out in this Section 3.06, including, but not limited to:

(i) causing the Trust not to be deemed to be an Investment Company required to be registered under the Investment Company Act;

(ii) causing the Trust to be classified for United States federal income tax purposes as a grantor trust; and

(iii) cooperating with the Debenture Issuer to ensure that the Debentures will be treated as indebtedness of the Debenture Issuer for United States federal income tax purposes,

provided that such action does not materially adversely affect the interests of Holders; and

(q) to take all action necessary to cause all applicable tax returns and tax information reports that are required to be filed with respect to the Trust to be duly prepared and filed by the Administrative Trustees, on behalf of the Trust.

The Administrative Trustees must exercise the powers set forth in this Section 3.06 in a manner that is consistent with the purposes and functions of the Trust set out in Section 3.03, and the Administrative Trustees shall not take any action that is inconsistent with the purposes and functions of the Trust set forth in Section 3.03.

Subject to this Section 3.06, the Administrative Trustees shall have none of the powers or the authority of the Property Trustee set forth in Section 3.08.

Any expenses incurred by the Administrative Trustee (or the Special Trustee, if any) pursuant to this Section 3.06 shall be reimbursed by the Debenture Issuer.

SECTION 3.07 Prohibition of Actions by the Trust and the Trustees.

(a) The Trust shall not, and the Trustees (including the Property Trustee) on behalf of the Trust shall not, engage in any activity other than as required or authorized by this Declaration. In particular, the Trust shall not and the Trustees (including the Property Trustee) shall cause the Trust not to:

(i) invest any proceeds received by the Trust from holding the Debentures, but shall distribute all such proceeds to Holders of Securities pursuant to the terms of this Declaration and of the Securities;

(ii) acquire any assets other than as expressly provided herein;

(iii) possess Trust property for other than a Trust purpose;

(iv) make any loans or incur any indebtedness other than loans represented by the Debentures;

(v) possess any power or otherwise act in such a way as to vary the Trust assets or the terms of the Securities in any way whatsoever;

(vi) issue any securities or other evidences of beneficial ownership of, or beneficial interest in, the Trust other than the Securities; or

(vii) other than as provided in the Declaration or Annex I hereto, (A) direct the time, method and place of exercising any trust or power conferred upon the Debenture Trustee with respect to the Debentures, (B) waive any past default that is waivable under Section 5.13 of the Indenture, (C) exercise any right to rescind or annul any declaration that the principal of all the Debentures shall be due and payable, or (D) consent to any amendment, modification or termination of the Indenture or the Debentures where such consent shall be required unless, in the case of each action described in clause (A), (B), (C) or (D), the Trust shall have received an opinion of counsel to the effect that such modification will not cause more than an insubstantial risk that for United States federal income tax purposes the Trust will not be classified as a grantor trust.

SECTION 3.08 Powers and Duties of the Property Trustee.

(a) The legal title to the Debentures shall be owned by and held of record in the name of the Property Trustee in trust for the benefit of the Holders of the Securities. The right, title and interest of the Property Trustee to the Debentures shall vest automatically in each Person who may hereafter be appointed as Property Trustee in accordance with Section 5.06. Such vesting and cessation of title shall be effective whether or not conveyancing documents with regard to the Debentures have been executed and delivered.

(b) The Property Trustee shall not transfer its right, title and interest in the Debentures to the Administrative Trustees or to the Delaware Trustee (if the Property Trustee does not also act as Delaware Trustee).

(c) The Property Trustee shall:

(i) establish and maintain a segregated non-interest bearing trust account (the "Property Trustee Account") in the name of and under the exclusive control of the Property Trustee on behalf of the Holders of the Securities and, upon the receipt of payments of funds made in respect of the Debentures held by the Property Trustee, deposit such funds into the Property Trustee Account and make payments to the Holders of the Preferred Securities and Holders of the Common Securities from the Property Trustee Account in accordance with Section 6.01. Funds in the Property Trustee Account shall be held uninvested until disbursed in accordance with this Declaration;

(ii) engage in such ministerial activities as so directed and as shall be necessary or appropriate to effect the redemption of the Preferred Securities and the Common Securities to the extent the Debentures are redeemed or mature; and

(iii) upon written notice of distribution issued by the Administrative Trustees in accordance with the terms of the Securities, engage in such ministerial activities as so directed as shall be necessary or appropriate to effect the distribution of the Debentures to Holders of Securities upon the occurrence of certain special events (as may be defined in the terms of the Securities) arising from a change in law or a change in legal interpretation or other specified circumstances pursuant to the terms of the Securities.

(d) The Property Trustee shall take all actions and perform such duties as may be specifically required of the Property Trustee pursuant to the terms of the Securities.

(e) The Property Trustee shall take any Legal Action which arises out of or in connection with an Event of Default or the Property Trustee's duties and obligations under this Declaration or the Trust Indenture Act; provided, however, that if a Debenture Event of Default has occurred and is continuing and such event is attributable to the failure of the Sponsor to pay interest or principal on the Debentures on the date such interest or principal is otherwise payable (or in the case of redemption, on the redemption date), then a holder of Preferred Securities may institute a legal proceeding directly for enforcement of payment to such Holder of the principal of or interest on the Debentures having a principal amount equal to the aggregate liquidation amount of the Preferred Securities of such Holder (a "Direct Action") on or after the respective due date specified in the Securities. In connection with such Direct Action, the Debenture Issuer shall be subrogated to the rights of such Holder of Preferred Securities with respect to payments on the Preferred Securities to the extent of any payment made by the Sponsor to such Holder of Preferred Securities in such Direct Action. In addition, if the Property Trustee fails to enforce its rights under the Debentures (other than rights arising from an Event of Default described in the immediately preceding sentence) after any Holder of Preferred Securities shall have made a written request to the Property Trustee to enforce such rights, such Holder of Preferred Securities may, to the fullest extent permitted by law, institute a Direct Action to enforce such rights. Except as provided in the preceding sentences, the Holders of Preferred Securities will not be able to exercise directly any other remedy available to the holders of the Debentures.

(f) The Property Trustee shall not resign as a Trustee unless either:

(i) the Trust has been completely liquidated and the proceeds of the liquidation distributed to the Holders of Securities

pursuant to the terms of the Securities; or

(ii) a Successor Property Trustee has been appointed and has accepted that appointment in accordance with Section 5.06.

(g) The Property Trustee shall have the legal power to exercise all of the rights, powers and privileges of a holder of Debentures under the Indenture and, if an Event of Default occurs and is continuing, the Property Trustee shall, for the benefit of Holders of the Securities, enforce its rights as holder of the Debentures subject to the rights of the Holders pursuant to the terms of such Securities.

(h) The Property Trustee will act as Paying Agent and Registrar in Wilmington, Delaware to pay Distributions, redemption payments or liquidation payments on behalf of the Trust with respect to all securities and any such Paying Agent shall comply with Section 317(b) of the Trust Indenture Act. Any Paying Agent may be removed by the Property Trustee at any time and a successor Paying Agent or additional Paying Agents may be appointed at any time by the Property Trustee.

(i) Subject to this Section 3.08, the Property Trustee shall have none of the duties, liabilities, powers or the authority of the Administrative Trustees set forth in Section 3.06.

(j) The Property Trustee must exercise the powers set forth in this Section 3.08 in a manner that is consistent with the purposes and functions of the Trust set out in Section 3.03, and the Property Trustee shall not take any action that is inconsistent with the purposes and functions of the Trust set out in Section 3.03.

SECTION 3.09 Certain Duties and Responsibilities of the Property Trustee.

(a) The Property Trustee, before the occurrence of any Event of Default and after the curing of all Events of Default that may have occurred, shall undertake to perform only such duties as are specifically set forth in this Declaration and no implied covenants shall be read into this Declaration against the Property Trustee. In case an Event of Default has occurred (that has not been cured or waived pursuant to Section 2.06), the Property Trustee shall exercise such of the rights and powers vested in it by this Declaration, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) No provision of this Declaration shall be construed to relieve the Property Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) prior to the occurrence of an Event of Default and after the curing or waiving of all such Events of Default that may have occurred:

(A) the duties and obligations of the Property Trustee shall be determined solely by the express provisions of this Declaration and the Property Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Declaration, and no implied covenants or obligations shall be read into this Declaration against the Property Trustee; and

(B) in the absence of bad faith on the part of the Property Trustee, the Property Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Property Trustee and conforming to the requirements of this Declaration; but in the case of any such certificates or opinions that by any provision hereof are specifically required to be furnished to the Property Trustee, the Property Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Declaration;

(ii) the Property Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Property Trustee, unless it shall be proved that the Property Trustee was negligent in ascertaining the pertinent facts;

(iii) the Property Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a Majority in liquidation amount of the Securities relating to the time, method and place of conducting any proceeding for any remedy available to the Property Trustee, or exercising any trust or power conferred upon the Property Trustee under this Declaration;

(iv) no provision of this Declaration shall require the Property Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers;

(v) the Property Trustee's sole duty with respect to the custody, safe keeping and physical preservation of the Debentures and the Property Trustee Account shall be to deal with such property in a similar manner as the Property Trustee deals with similar property for its own account, subject to the protections and limitations on liability afforded to the Property Trustee under this Declaration and the Trust Indenture Act;

(vi) the Property Trustee shall have no duty or

liability for or with respect to the value, genuineness, existence or sufficiency of the Debentures or the payment of any taxes or assessments levied thereon or in connection therewith;

(vii) the Property Trustee shall not be liable for any interest on any money received by it except as it may otherwise agree with the Sponsor. Money held by the Property Trustee need not be segregated from other funds held by it except in relation to the Property Trustee Account maintained by the Property Trustee pursuant to Section 3.08(c)(i) and except to the extent otherwise required by law; and

(viii) the Property Trustee shall not be responsible for monitoring the compliance by the Administrative Trustees or the Sponsor with their respective duties under this Declaration, nor shall the Property Trustee be liable for the default or misconduct of the Administrative Trustees or the Sponsor.

SECTION 3.10 Certain Rights of Property Trustee.

(a) Subject to the provisions of Section 3.09:

(i) the Property Trustee may rely conclusively and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed, sent or presented by the proper party or parties;

(ii) any direction or act of the Sponsor or the Administrative Trustees contemplated by this Declaration shall be sufficiently evidenced by an Officers' Certificate;

(iii) whenever in the administration of this Declaration, the Property Trustee shall deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Property Trustee (unless other evidence is herein specifically prescribed) may, in the absence of bad faith on its part, request and rely upon an Officers' Certificate which, upon receipt of such request, shall be promptly delivered by the Sponsor or the Administrative Trustees;

(iv) the Property Trustee shall have no duty to see to any recording, filing or registration of any instrument (including any financing or continuation statement or any filing under tax or securities laws) or any rerecording, refiling or registration thereof;

(v) the Property Trustee may consult with counsel of its choice or other experts and the advice or opinion of such counsel and experts with respect to legal matters or advice within the scope of such experts' area of expertise shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with such advice or opinion. Such counsel may be counsel to the Sponsor or any of its Affiliates, and may include any of its employees. The Property Trustee shall have the right at any time to seek instructions concerning the administration of this Declaration from any court of competent jurisdiction;

(vi) the Property Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Declaration at the request or direction of any Holder, unless such Holder shall have provided to the Property Trustee security satisfactory to the Property Trustee, against the costs, expenses (including its reasonable attorneys' fees and expenses) and liabilities that might be incurred by it in complying with such request or direction, including such reasonable advances as may be requested in writing by the Property Trustee, provided, that, nothing contained in this Section 3.10(a)(vi) shall be taken to relieve the Property Trustee, upon the occurrence of an Event of Default, of its obligation to exercise the rights and powers vested in it by this Declaration;

(vii) the Property Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, security, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Property Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit;

(viii) the Property Trustee may execute any of its powers hereunder or perform any of its duties hereunder either directly or by or through agents or attorneys and the Property Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(ix) any action taken by the Property Trustee or its agents hereunder shall bind the Trust and the Holders of the Securities, and the signature of the Property Trustee or its agents alone shall be sufficient and effective to perform any such action and no third party shall be required to inquire as to the authority of the Property Trustee to so act or as to its compliance with any of the terms and provisions of this Declaration, both of which shall be conclusively evidenced by the Property Trustee's or its agent's taking such action;

(x) whenever in the administration of this

Declaration the Property Trustee shall deem it desirable to receive instructions with respect to enforcing any remedy or right or taking any other action hereunder the Property Trustee (i) may request instructions from the Holders of the Securities which instructions may only be given by the Holders of the same proportion in liquidation amount of the Securities as would be entitled to direct the Property Trustee under the terms of the Securities in respect of such remedy, right or action, (ii) may refrain from enforcing such remedy or right or taking such other action until such instructions are received, and (iii) shall be protected in acting in accordance with such instructions;

(xi) except as otherwise expressly provided by this Declaration, the Property Trustee shall not be under any obligation to take any action that is discretionary under the provisions of this Declaration; and

(xii) the Property Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Declaration.

(b) No provision of this Declaration shall be deemed to impose any duty or obligation on the Property Trustee to perform any act or acts or exercise any right, power, duty or obligation conferred or imposed on it, in any jurisdiction in which it shall be illegal, or in which the Property Trustee shall be unqualified or incompetent in accordance with applicable law, to perform any such act or acts, or to exercise any such right, power, duty or obligation. No permissive power or authority available to the Property Trustee shall be construed to be a duty.

SECTION 3.11 Delaware Trustee.

Notwithstanding any other provision of this Declaration other than Section 5.02, the Delaware Trustee shall not be entitled to exercise any powers, nor shall the Delaware Trustee have any of the duties and responsibilities of the Administrative Trustees or the Property Trustee described in this Declaration. Except as set forth in Section 5.02, the Delaware Trustee shall be a Trustee for the sole and limited purpose of fulfilling the requirements of Section 3807 of the Business Trust Act.

SECTION 3.12 Execution of Documents.

Except as otherwise required by the Business Trust Act, any Administrative Trustee is authorized to execute on behalf of the Trust any documents that the Administrative Trustees have the power and authority to execute pursuant to Section 3.06; provided that, the registration statement referred to in Section 3.06(b)(i), including any amendments thereto, shall be signed by a majority of the Administrative Trustees.

SECTION 3.13 Not Responsible for Recitals or Issuance of Securities.

The recitals contained in this Declaration and the Securities shall be taken as the statements of the Sponsor, and the Trustees do not assume any responsibility for their correctness. The Trustees make no representations as to the value or condition of the property of the Trust or any part thereof. The Trustees make no representations as to the validity or sufficiency of this Declaration or the Securities.

SECTION 3.14 Duration of Trust.

The Trust, unless dissolved pursuant to the provisions of Article VIII hereof, shall exist until November 15, 2050.

SECTION 3.15 Mergers.

(a) The Trust may not consolidate, amalgamate, merge with or into, or be replaced by, or convey, transfer or lease its properties and assets substantially as an entirety to any Person, except as described in Section 3.15(b) and (c) of this Declaration and Section 3 and 4 of the terms of the Securities as set forth in Annex I attached hereto.

(b) The Trust may, with the consent of a majority of the Administrative Trustees and without the consent of the Holders of the Securities, the Delaware Trustee or the Property Trustee, consolidate, amalgamate, merge with or into, or be replaced by a trust organized as such under the laws of any State or the District of Columbia; provided that:

(i) if the Trust is not the surviving entity, the successor entity (the "Successor Entity") either:

(A) expressly assumes all of the obligations of the Trust under the Securities; or

(B) substitutes for the Securities other securities having substantially the same terms as the Preferred Securities (the "Successor Securities") as long as the Successor Securities rank, with respect to participation in the profits and distributions and payments upon liquidation, redemption and otherwise at least as high as the Preferred Securities rank with respect to participation in the profits and dividends and payments upon liquidation redemption and otherwise;

(ii) the Debenture Issuer appoints a Trustee of such Successor Entity possessing the same powers and duties of the Property Trustee as the Holder of the Debentures;

(iii) the Preferred Securities or any Successor Securities are listed, or any Successor Securities will be listed upon notification of issuance, on any national securities exchange or with any other organization on which the Preferred Securities are then listed or quoted;

(iv) such merger, consolidation, amalgamation or replacement does not cause the Preferred Securities (including any Successor Securities) to be downgraded by any nationally recognized statistical rating organization;

(v) such merger, consolidation, amalgamation or replacement does not adversely affect the powers, preferences and other special rights of the Holders of the Preferred Securities (including any Successor Securities) in any material respect;

(vi) such Successor Entity has a purpose substantially identical to that of the Trust;

(vii) prior to such merger, consolidation, amalgamation or replacement, the Sponsor has received an opinion of a nationally recognized independent counsel (reasonably acceptable to the Property Trustee) to the Trust experienced in such matters to the effect that:

(A) the Successor Entity will be treated as a grantor trust for United States federal income tax purposes;

(B) following such merger, consolidation, amalgamation or replacement, neither the Sponsor nor the Successor Entity will be required to register as an Investment Company; and

(C) such merger, consolidation, amalgamation or replacement will not adversely affect the limited liability of the Holders of the Securities (including any Successor Securities); and

(viii) the Sponsor provides a guarantee to the Holders of the Successor Securities with respect to the Successor Entity having substantially the same terms as the Preferred Securities Guarantee; and

(ix) such merger, consolidation, amalgamation or replacement is not a taxable event for holders of the Preferred Securities.

(c) Notwithstanding Section 3.15(b), the Trust shall not, except with the consent of Holders of 100% in liquidation amount of the Securities, consolidate, amalgamate, merge with or into, or be replaced by any other entity or permit any other entity to consolidate, amalgamate, merge with or into, or replace it if such consolidation, amalgamation, merger or replacement would cause the Trust or Successor Entity to be classified as other than a grantor trust for United States federal income tax purposes.

ARTICLE IV

SPONSOR

SECTION 4.01 Sponsor's Purchase of Common Securities.

On the Closing Date and any Optional Closing Date the Sponsor will purchase an amount of Common Securities issued by the Trust such that the aggregate liquidation amount of such Common Securities purchased by the Sponsor shall at such date equal at least 3% of the total capital of the Trust.

SECTION 4.02 Responsibilities of the Sponsor.

In connection with the issue and sale of the Preferred Securities, the Sponsor shall have the exclusive right and responsibility to engage in the following activities:

(a) to prepare the Offering Circular and to prepare for filing by the Trust with the Commission the Shelf Registration Statement, including any amendments thereto;

(b) to determine the States and foreign jurisdictions in which to take appropriate action to qualify or register for sale all or part of the Preferred Securities and to do any and all such acts, other than actions which must be taken by the Trust, and advise the Trust of actions it must take, and prepare for execution and filing any documents to be executed and filed by the Trust, as the Sponsor deems necessary or advisable in order to comply with the applicable laws of any such States and foreign jurisdictions;

(c) if deemed necessary or advisable by the Sponsor, to prepare for filing by the Trust an application to PORTAL and to the New York Stock Exchange or any other national stock exchange or the Nasdaq National Market for listing or quotation of the Preferred Securities;

(d) if deemed necessary or advisable by the Sponsor, to prepare for filing by the Trust with the Commission a registration statement on Form 8-A relating to the registration of the Preferred Securities under Section 12 of the Exchange Act, including any amendments thereto; and

(e) to negotiate the terms of the Purchase Agreement, Registration Rights Agreement and other related agreements providing for the sale of the Preferred Securities.

SECTION 4.03 Guarantee of Payment of Trust Obligations.

(a) Subject to the terms and conditions of this Section 4.03, the Sponsor hereby irrevocably and unconditionally guarantees to each Person to whom the Trust is now or hereafter becomes indebted or liable (the "Beneficiaries") the full payment, when and as due, of any and all Obligations to such Beneficiaries.

(b) The agreement of the Sponsor in Section 4.03(a) is intended to be for the benefit of, and to be enforceable by, all such Beneficiaries, whether or not such Beneficiaries have received notice hereof.

(c) The agreement of the Sponsor set forth in Section 4.03(a) shall terminate and be of no further force and effect upon the later of (a) the date on which full payment has been made of all amounts payable to all Holders of all the Preferred Securities (whether upon redemption, liquidation, exchange or otherwise) and (b) the date on which there are no Beneficiaries remaining; provided, however, that such agreement shall continue to be effective or shall be reinstated, as the case may be, if at any time any Holder of Preferred Securities or any Beneficiary must restore payment of any sums paid under the Preferred Securities, under any Obligation, under the Preferred Securities Guarantee or under this Agreement for any reason whatsoever. Such agreement is continuing, irrevocable, unconditional and absolute.

ARTICLE V

TRUSTEES

SECTION 5.01 Number of Trustees.

Subject to Section 5.02, the number of Trustees shall initially be four (4), and:

(a) at any time before the issuance of any Securities, the Sponsor may, by written instrument, increase or decrease the number of Trustees; and

(b) after the issuance of any Securities:

(i) the number of Trustees may be increased or decreased, except as provided in Sections 5.01(b)(ii) and 5.06(a)(ii)(B) with respect to the Special Trustee, by vote of the Holders of a Majority in liquidation amount of the Common Securities voting as a class at a meeting of the Holders of the Common Securities; and

(ii) the number of Trustees shall be increased automatically by one (1) if an Appointment Event has occurred and is continuing and the Holders of a Majority in liquidation amount of the Preferred Securities appoint a Special Trustee in accordance with Section 5.06(a)(ii).

SECTION 5.02 Delaware Trustee.

If required by the Business Trust Act, one Trustee (the "Delaware Trustee") shall either be (i) a natural person who is at least 21 years of age and a resident of the State of Delaware, or (ii) an entity which has its principal place of business in the State of Delaware, and otherwise meets the requirements of applicable law, provided that, if the Property Trustee has its principal place of business in the State of Delaware and otherwise meets the requirements of applicable law, then the Property Trustee shall also be the Delaware Trustee and Section 3.11 shall have no application.

SECTION 5.03 Property Trustee; Eligibility.

(a) There shall at all times be one Trustee which shall act as Property Trustee which shall:

(i) not be an Affiliate of the Sponsor; and

(ii) be a corporation organized and doing business under the laws of the United States of America or any State or Territory thereof or of the District of Columbia, or a corporation or Person permitted by the Commission to act as an institutional trustee under the Trust Indenture Act, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least 50 million U.S. dollars (\$50,000,000), and subject to supervision or examination by Federal, State, Territorial or District of Columbia authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the supervising or examining authority referred to above, then for the purposes of this Section 5.03(a)(ii), the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) If at any time the Property Trustee shall cease to be eligible to so act under Section 5.03(a), the Property Trustee shall immediately resign in the manner and with the effect set forth in Section 5.06(e).

(c) If the Property Trustee has or shall acquire any "conflicting interest" within the meaning of Section 310(b) of the Trust Indenture Act, the Property Trustee and the Holder of the Common Securities (as if it were the obligor referred to in Section 310(b) of the Trust Indenture Act) shall in all respects comply with the provisions of Section 310(b) of the Trust Indenture Act.

(d) The Preferred Securities Guarantee shall be deemed to be specifically described in this Declaration for purposes of clause (i) of the first provision contained in Section 310(b) of the Trust Indenture Act.

SECTION 5.04 Qualifications of Administrative Trustees and Delaware Trustee Generally.

Each Administrative Trustee and the Delaware Trustee (unless the Property Trustee also acts as Delaware Trustee) shall be either a natural person who is at least 21 years of age or a legal entity that shall act through one or more Authorized Officers.

SECTION 5.05 Initial Trustees.

The initial Administrative Trustees shall be:

Lawrence W. Kellner
c/o Continental Airlines, Inc.
1600 Smith Street, HQSEO
Houston, Texas 77002
Facsimile No.: (713) 324-2687

Gerald Laderman
c/o Continental Airlines, Inc.
1600 Smith Street, HQSEO
Houston, Texas 77002
Facsimile No.: (713) 324-2687

The initial Delaware Trustee shall be:

Wilmington Trust Company
Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890-0001
Attention: Corporate Trust Administration

The initial Property Trustee shall be:

Wilmington Trust Company
Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890-0001
Attention: Corporate Trust Administration

SECTION 5.06 Appointment, Removal and Resignation of Trustees.

(a) Except as provided otherwise in Section 5.06(b) and 5.06(d), Trustees may be appointed or removed without cause at any time:

(i) until the issuance of any Securities, by written instrument executed by the Sponsor; and

(ii) after the issuance of any Securities:

(A) other than in respect to a Special Trustee, by vote of the Holders of a Majority in liquidation amount of the Common Securities voting as a class at a meeting of the Holders of the Common Securities or by written consent, unless a Debenture Event of Default shall have occurred and be continuing, in which event the Property Trustee and the Delaware Trustee may only be removed by the Holders of a Majority in liquidation amount of the Preferred Securities, voting as a class at a meeting of the Holders of the Preferred Securities or by written consent; and

(B) if an Appointment Event has occurred and is continuing, one (1) additional trustee (the "Special Trustee"), who shall have the same rights, powers and privileges as an Administrative Trustee, may be appointed by vote of the Holders of a Majority in liquidation amount of the Preferred Securities, voting as a class at a meeting of the Holders of the Preferred Securities, and such Special Trustee may only be removed (otherwise than by the operation of Section 5.06(e)), by vote of the Holders of a Majority in liquidation amount of the Preferred Securities voting as a class at a meeting of the Holders of the Preferred Securities.

(b) The Trustee that acts as Property Trustee shall not be removed in accordance with Section 5.06(a) until a successor Property Trustee meeting the requirements of Section 5.03 (a "Successor Property Trustee") has been appointed and has accepted such appointment by written instrument executed by such Successor Property Trustee and delivered to the Administrative Trustees and the Sponsor.

(c) The Holders of a Majority in liquidation amount of the Common Securities shall remove the Property Trustee by written instrument upon:

(i) the entry or a decree or order by a court having jurisdiction in the premises adjudging the Property Trustee as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Property Trustee under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Property Trustee or of any substantial part of its property or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or

(ii) the institution by the Property Trustee of proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Property Trustee or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due and its willingness to be adjudicated a bankrupt, or the taking of corporate action by the Property Trustee in furtherance of any such action.

The Sponsor shall appoint a Successor Property Trustee within 60 days of such an event.

(d) The Trustee that acts as Delaware Trustee shall not be removed in accordance with Section 5.06(a) until a successor Trustee possessing the qualifications to act as Delaware Trustee under Sections 5.02 and 5.04 (a "Successor Delaware Trustee") has been appointed and has accepted such appointment by written instrument executed by such Successor Delaware Trustee and delivered to the Trustees and the Sponsor.

(e) A Trustee appointed to office shall hold office until his successor shall have been appointed or until his death, removal or resignation, provided that a Special Trustee shall only hold office while an Appointment Event is continuing and shall cease to hold office immediately after the Appointment Event pursuant to which the Special Trustee was appointed and all other Appointment Events cease to be continuing. Any Trustee may resign from office (without need for prior or subsequent accounting) by an instrument in writing signed by the Trustee and delivered to the Sponsor and the Trust, which resignation shall take effect upon such delivery or upon such later date as is specified therein; provided, however, that:

(i) No such resignation of the Trustee that acts as the Property Trustee shall be effective:

(A) until a Successor Property Trustee has been appointed and has accepted such appointment by instrument executed by such Successor Property Trustee and delivered to the Trust, the Sponsor and the resigning Property Trustee; or

(B) until the assets of the Trust have been completely liquidated and the proceeds thereof distributed to the holders of the Securities;

(ii) no such resignation of the Trustee that acts as the Delaware Trustee shall be effective until a Successor Delaware Trustee has been appointed and has accepted such appointment by instrument executed by such Successor Delaware Trustee and delivered to the Trust, the Sponsor and the resigning Delaware Trustee; and

(iii) no such resignation of a Special Trustee shall be effective until the 60th day following delivery of the instrument of resignation of the Special Trustee to the Sponsor and the Trust or such later date specified in such instrument during which period the Holders of the Preferred Securities shall have the right to appoint a successor Special Trustee as provided in this Section 5.06.

(f) The Holders of the Common Securities shall use their best efforts to promptly appoint a Successor Property Trustee or Successor Delaware Trustee, as the case may be, if the Property Trustee or the Delaware Trustee delivers an instrument of resignation in accordance with this Section 5.06.

(g) If no Successor Property Trustee or Successor Delaware Trustee shall have been appointed and accepted appointment as provided in this Section 5.06 within 60 days after delivery to the Sponsor and the Trust of an instrument of resignation or removal, at the cost of the Sponsor the resigning Property Trustee or Delaware Trustee, resigning or being removed as applicable, may petition any court of competent jurisdiction for appointment of a Successor Property Trustee or Successor Delaware Trustee. Such court may thereupon, after prescribing such notice, if any, as it may deem proper and prescribe, appoint a Successor Property Trustee or Successor Delaware Trustee, as the case may be.

(h) No Property Trustee or Delaware Trustee shall be liable for the acts or omissions to act of any Successor Property Trustee or Successor Delaware Trustee, as the case may be.

SECTION 5.07 Vacancies among Trustees.

If a Trustee ceases to hold office for any reason and the number of Trustees is not reduced pursuant to Section 5.01, or if the number of Trustees is increased pursuant to Section 5.01, a vacancy shall occur. A resolution certifying the existence of such vacancy by a majority of the Administrative Trustees shall be conclusive evidence of the existence of such vacancy. The vacancy shall be filled with a Trustee appointed in accordance with Section 5.06.

SECTION 5.08 Effect of Vacancies.

The death, resignation, retirement, removal, bankruptcy, dissolution, liquidation, incompetence or incapacity to perform the duties of a Trustee shall not operate to annul, dissolve or terminate the Trust.

Whenever a vacancy in the number of Administrative Trustees shall

occur, until such vacancy is filled by the appointment of a Administrative Trustee in accordance with Section 5.06, the Administrative Trustees in office, regardless of their number, shall have all the powers granted to the Administrative Trustees and shall discharge all the duties imposed upon the Administrative Trustees by this Declaration.

SECTION 5.09 Meetings.

Meetings of the Administrative Trustees shall be held from time to time upon the call of any Administrative Trustee. Regular meetings of the Administrative Trustees may be held at a time and place fixed by resolution of the Administrative Trustees. Notice of any meetings of the Administrative Trustees shall be hand delivered or otherwise delivered in writing (including by facsimile or overnight courier) not less than 24 hours before such meeting. Notices shall contain a brief statement of the time, place and anticipated purposes of the meeting. The presence (whether in person or by telephone) of a Administrative Trustee at a meeting shall constitute a waiver of notice of such meeting except where a Administrative Trustee attends a meeting for the express purpose of objecting to the transaction of any activity on the ground that the meeting has not been lawfully called or convened. Unless provided otherwise in this Declaration, any action of the Administrative Trustees may be taken at a meeting by vote of a majority of the Administrative Trustees present (whether in person or by telephone) and eligible to vote with respect to such matter, provided that a Quorum is present, or without a meeting and without prior notice by the written consent of a majority of the Administrative Trustees.

In the event there is only one Administrative Trustee, any and all action of such Administrative Trustee shall be evidenced by a written consent of such Administrative Trustee. In the event a Special Trustee is holding office pursuant to Section 5.06, such Special Trustee shall have the same rights as an Administrative Trustee with respect to participation in a meeting of the Administrative Trustees.

SECTION 5.10 Delegation of Power.

(a) Any Administrative Trustee may, by power of attorney consistent with applicable law, delegate to any other natural person over the age of 21 his or her power for the purpose of executing any documents contemplated in Section 3.06, including any registration statement or amendment thereto filed with the Commission, or making any other governmental filing; and

(b) The Administrative Trustees shall have power to delegate from time to time to such of their number or to officers of the Trust the doing of such things and the execution of such instruments either in the name of the Trust or the names of the Administrative Trustees or otherwise as the Administrative Trustees may deem expedient, to the extent such delegation is not prohibited by applicable law or contrary to the provisions of the Trust, as set forth herein.

SECTION 5.11 Merger, Conversion, Consolidation or Succession to Business.

Any Person into which the Property Trustee or the Delaware Trustee, as the case may be, may be merged or converted or with which either may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Property Trustee or the Delaware Trustee, as the case may be, shall be a party, or any Person succeeding to all or substantially all the corporate trust business of the Property Trustee or the Delaware Trustee, as the case may be, shall be the successor of the Property Trustee or the Delaware Trustee, as the case may be, hereunder, provided such Person shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

ARTICLE VI

DISTRIBUTIONS

SECTION 6.01 Distributions.

Holders shall receive Distributions (as defined herein) in accordance with the applicable terms of the relevant Holder's Securities. Distributions shall be made on the Preferred Securities and the Common Securities in accordance with the preferences set forth in their respective terms. If and to the extent that the Debenture Issuer makes a payment of interest (including Compounded Interest (as defined in the Indenture) and Additional Sums (as defined in the Indenture)) premium and principal on the Debentures held by the Property Trustee (the amount of any such payment being a "Payment Amount"), the Property Trustee shall and is directed, to the extent funds are available for that purpose, to make a distribution (a "Distribution") of the Payment Amount to Holders.

ARTICLE VII

ISSUANCE OF SECURITIES

SECTION 7.01 General Provisions Regarding Securities.

(a) The Administrative Trustees shall on behalf of the Trust issue one class of convertible preferred securities, designated as 6% Convertible Preferred Securities, Term Income Deferrable Equity Securities (TIDES)SM, representing undivided beneficial interests in the assets of the Trust (the "Preferred Securities"), having such terms as are set forth in Annex I and one class of convertible common securities, liquidation amount \$50, representing undivided beneficial interests in the assets of the Trust (the "Common Securities"), having such terms as are set forth in Annex I. The Trust shall have no securities or other interests in the assets of the Trust other than the Preferred Securities and the Common Securities. The Trust shall issue

no Securities in bearer form.

(b) The consideration received by the Trust for the issuance of the Securities shall constitute a contribution to the capital of the Trust and shall not constitute a loan to the Trust.

(c) Upon issuance of the Securities as provided in this Declaration, the Securities so issued shall be deemed to be validly issued, fully paid and non-assessable, subject to Section 10.01 with respect to the Common Securities.

(d) Every Person, by virtue of having become a Holder or a Preferred Security Beneficial Owner in accordance with the terms of this Declaration, shall be deemed to have expressly assented and agreed to the terms of, and shall be bound by, this Declaration.

(e) Every Person, by virtue of having become a Holder or a Preferred Securities Beneficial Owner in accordance with the terms of this Declaration, shall be deemed to have covenanted to treat the Debentures as indebtedness and the Securities as evidence of an indirect beneficial ownership interest in the Debentures.

SECTION 7.02 Execution and Authentication.

(a) The Securities shall be signed on behalf of the Trust by one Administrative Trustee. In case any Administrative Trustee of the Trust who shall have signed any of the Securities shall cease to be such Administrative Trustee before the Securities so signed shall be delivered by the Trust, such Securities nevertheless may be delivered as though the person who signed such Securities had not ceased to be such Administrative Trustee; and any Securities may be signed on behalf of the Trust by such persons who, at the actual date of execution of such Security, shall be the Administrative Trustees of the Trust, although at the date of delivery of the Declaration any such person was not such a Administrative Trustee.

(b) One Administrative Trustee shall sign the Preferred Securities and the Common Securities for the Trust by manual or facsimile signature.

A Preferred Security shall not be valid until authenticated by the manual or facsimile signature of an authorized signatory of the Property Trustee. The signature shall be conclusive evidence that the Preferred Security has been authenticated under this Declaration.

Upon a written order of the Trust signed by one Administrative Trustee, the Property Trustee shall authenticate the Preferred Securities for original issue by executing the Property Trustee's certificate of authentication contained in the form of Preferred Securities attached hereto as Exhibit A-1. The aggregate number of Preferred Securities outstanding at any time shall not exceed the number set forth in the terms in Annex I hereto except as provided in Section 7.06.

The Property Trustee may appoint an authenticating agent acceptable to the Trust to authenticate Preferred Securities. An authenticating agent may authenticate Preferred Securities whenever the Property Trustee may do so. Each reference in this Declaration to authentication by the Property Trustee includes authentication by such agent. An authenticating agent has the same rights as the Property Trustee to deal with the Company or an Affiliate.

SECTION 7.03 Form and Dating.

The Preferred Securities and the Property Trustee's certificate of authentication shall be substantially in the form of Exhibit A-1 and the Common Securities shall be substantially in the form of Exhibit A-2, each of which is hereby incorporated in and expressly made a part of this Declaration. Certificates may be printed, lithographed or engraved or may be produced in any other manner as is reasonably acceptable to the Administrative Trustees, as evidenced by their execution thereof. The Securities may have letters, numbers, notations or other marks of identification or designation and such legends or endorsements required by law, stock exchange rule, agreements to which the Trust is subject, if any, or usage (provided that any such notation, legend or endorsement is in a form acceptable to the Trust). The Trust at the direction of the Sponsor shall furnish any such legend not contained in Exhibit A-1 to the Property Trustee in writing. Each Preferred Security shall be dated the date of its authentication. The terms and provisions of the Securities set forth in Annex I and the forms of Securities set forth in Exhibits A-1 and A-2 are part of the terms of this Declaration and to the extent applicable, the Property Trustee and the Sponsor, by their execution and delivery of this Declaration, expressly agree to such terms and provisions and to be bound thereby.

The Preferred Securities are being offered and sold by the Trust pursuant to a Purchase Agreement relating to the Preferred Securities, dated November 6, 2000, among the Trust, the Sponsor and the Purchasers named therein (the "Purchase Agreement").

(a) Global Securities. Preferred Securities offered and sold to Qualified Institutional Buyers ("QIBs") in reliance on Rule 144A under the Securities Act ("Rule 144A") as provided in the Purchase Agreement, shall be issued in the form of one or more permanent global Securities in definitive, fully registered form without distribution coupons with the appropriate global legends, ERISA legend and Restricted Securities Legend set forth in Exhibit A-1 hereto (each, a "Rule 144A Global Preferred Security"), which shall be deposited on behalf of the purchasers of the Preferred Securities represented thereby with the Property Trustee, at its Wilmington, Delaware office, as custodian for the Depository, and registered in the name of the Depository or a nominee of the Depository, duly executed by an Administrative Trustee on behalf of the Trust and authenticated by the Property Trustee as provided herein. The number of Preferred Securities represented by the Rule 144A Global Preferred Security may

from time to time be increased or decreased by adjustments made on the records of the Property Trustee and the Depository or its nominee as hereinafter provided.

(b) Book-Entry Provisions. This Section 7.03(b) shall apply only to the Rule 144A Global Preferred Securities and such other Preferred Securities in global form as may be authorized by the Trust to be deposited with or on behalf of the Depository.

An Administrative Trustee on behalf of the Trust shall execute and the Property Trustee shall, in accordance with this Section 7.03, authenticate and deliver initially one or more Rule 144A Global Preferred Securities that (a) shall be registered in the name of Cede & Co. or other nominee of such Depository and (b) shall be delivered by the Trustee to such Depository or pursuant to such Depository's written instructions or held by the Trustee as custodian for the Depository.

Members of, or participants in, the Depository ("Participants") shall have no rights under this Declaration with respect to any Rule 144A Global Preferred Security held on their behalf by the Depository or by the Property Trustee as the custodian of the Depository or under such Rule 144A Global Preferred Security, and the Depository may be treated by the Trust, the Property Trustee and any agent of the Trust or the Property Trustee as the absolute owner of such Rule 144A Global Preferred Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Trust, the Property Trustee or any agent of the Trust or the Property Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Participants, the operation of customary practices of such Depository governing the exercise of the rights of a holder of a beneficial interest in any Rule 144A Global Preferred Security.

(c) Certificated Securities. Except as provided in Section 7.03(d), owners of beneficial interests in the Rule 144A Global Preferred Security will not be entitled to receive physical delivery of certificated Preferred Securities.

(d) A Global Preferred Security deposited with the Depository or with the Property Trustee as custodian for the Depository pursuant to this Section 7.03 shall be transferred to the beneficial owners thereof in the form of certificated Preferred Securities only if such transfer complies with Section 9.02 and (i) the Depository notifies the Company that it is unwilling or unable to continue as Depository for such Global Preferred Security or if at any time such Depository ceases to be a "clearing agency" registered under the Exchange Act, at a time when the Depository is required to be so registered to act as such depository, (ii) the Sponsor on behalf of the Trust in its sole discretion determines that such Global Preferred Security shall be so exchangeable, or (iii) an Event of Default has occurred and is continuing.

(e) Any Global Preferred Security that is transferable to the beneficial owners thereof in the form of certificated Preferred Securities pursuant to this Section 7.03 shall be surrendered by the Depository to the Property Trustee located in Wilmington, Delaware, to be so transferred, in whole or from time to time in part, without charge, and the Property Trustee shall authenticate and deliver, upon such transfer of each portion of such Global Preferred Security, an equal aggregate liquidation amount of Preferred Securities of authorized denominations in the form of certificated Preferred Securities. Any portion of a Global Preferred Security transferred pursuant to this Section shall be registered in such names as the Depository shall direct. Any Preferred Security in the form of certificated Preferred Securities delivered in exchange for an interest in the Rule 144A Global Preferred Security shall, except as otherwise provided by Section 9.01, bear the Restricted Securities Legend set forth in Exhibit A hereto.

(f) Subject to the provisions of Section 7.03(e), the registered holder of a Global Preferred Security may grant proxies and otherwise authorize any person, including Participants and persons that may hold interests through Participants, to take any action which a holder is entitled to take under this Declaration or the Securities.

(g) In the event of the occurrence of any of the events specified in Section 7.03(d), the Trust will promptly make available to the Property Trustee a reasonable supply of certificated Securities in definitive, fully registered form without distribution coupons.

SECTION 7.04 Registrar, Paying Agent and Conversion Agent.

The Trust shall maintain in Wilmington, Delaware (i) an office or agency where Preferred Securities may be presented for registration of transfer or for exchange ("Registrar"), (ii) an office or agency where Preferred Securities may be presented for payment ("Paying Agent") and (iii) an office or agency where Securities may be presented for conversion ("Conversion Agent"). The Registrar shall keep a register of the Preferred Securities and of their transfer and exchange. The Trust may appoint the Registrar, the Paying Agent and the Conversion Agent and may appoint one or more co-registrars, one or more additional paying agents and one or more additional conversion agents in such other locations as it shall determine. The term "Paying Agent" includes any additional paying agent and the term "Conversion Agent" includes any additional conversion agent. The Trust may change any Paying Agent, Registrar, co-registrar or Conversion Agent without prior notice to any Holder. The Trust shall notify the Property Trustee of the name and address of any Agent not a party to this Declaration. If the Trust fails to appoint or maintain another entity as Registrar, Paying Agent or Conversion Agent, the Property Trustee shall act as such. The Trust or any of its Affiliates may act as Paying Agent, Registrar, or Conversion Agent. The Trust shall act as Paying Agent, Registrar, co-registrar, and Conversion Agent for the Common Securities.

The Trust initially appoints the Property Trustee as Registrar, Paying

Agent, and Conversion Agent for the Preferred Securities.

SECTION 7.05 Paying Agent to Hold Money in Trust.

The Trust shall require each Paying Agent other than the Property Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Property Trustee all money held by the Paying Agent for the payment of principal or distribution on the Securities, and will notify the Property Trustee if there are insufficient funds. While any such insufficiency continues, the Property Trustee may require a Paying Agent to pay all money held by it to the Property Trustee. The Trust at any time may require a Paying Agent to pay all money held by it to the Property Trustee and to account for any money disbursed by it. Upon payment over to the Property Trustee, the Paying Agent (if other than the Trust or an Affiliate of the Trust) shall have no further liability for the money. If the Trust or the Sponsor or an Affiliate of the Trust or the Sponsor acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent.

SECTION 7.06 Replacement Securities.

If the Holder of a Security claims that the Security has been lost, destroyed or wrongfully taken or if such Security is mutilated and is surrendered to the Trust or in the case of the Preferred Securities to the Property Trustee, an Administrative Trustee on behalf of the Trust shall issue and, with respect to the Preferred Securities, the Property Trustee shall authenticate a replacement Security if the Property Trustee's and the Trust's requirements, as the case may be, are met. If required by the Property Trustee or the Trust, an indemnity bond must be sufficient in the judgment of both to protect the Trustees, the Sponsor or any authenticating agent from any loss which any of them may suffer if a Security is replaced. The Sponsor may charge for its expenses in replacing a Security.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, or is about to be purchased by the Sponsor pursuant to Article III hereof, the Sponsor in its discretion may, instead of issuing a new Security, pay or purchase such Security, as the case may be.

SECTION 7.07 Outstanding Preferred Securities.

The Preferred Securities outstanding at any time are all the Preferred Securities authenticated by the Property Trustee except for those canceled by it, those delivered to it for cancellation, and those described in this Section as not outstanding.

If a Preferred Security is replaced, paid or purchased pursuant to Section 7.06 hereof, it ceases to be outstanding unless the Property Trustee receives proof satisfactory to it that the replaced, paid or purchased Preferred Security is held by a protected purchaser.

If Preferred Securities are considered paid in accordance with the terms of this Declaration, they cease to be outstanding and Distributions on them cease to accumulate.

A Preferred Security does not cease to be outstanding because one of the Trustees, the Trust, the Sponsor or an Affiliate of the Sponsor or Trustees holds the Security.

SECTION 7.08 Preferred Securities in Treasury.

In determining whether the Holders of the required amount of Securities have concurred in any direction, waiver or consent, Preferred Securities owned by the Trust, the Sponsor or an Affiliate of the Sponsor, as the case may be, shall be disregarded and deemed not to be outstanding, except that for the purposes of determining whether the Property Trustee shall be fully protected in relying on any such direction, waiver or consent, only Securities which the Property Trustee actually knows are so owned shall be so disregarded.

SECTION 7.09 Temporary Securities.

Until definitive Securities are ready for delivery, an Administrative Trustee may prepare and, in the case of the Preferred Securities, the Property Trustee shall authenticate temporary Securities. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that an Administrative Trustee considers appropriate for temporary Securities. Without unreasonable delay, an Administrative Trustee shall prepare and deliver to the Property Trustee Preferred Securities in certificated form (other than in the case of Preferred Securities in global form) and thereupon any or all temporary Preferred Securities (other than any such Preferred Securities in global form) may be surrendered in exchange therefor, at the office of the Registrar, and the Property Trustee shall authenticate and deliver an equal aggregate liquidation amount of definitive Preferred Securities in certificated form in exchange for temporary Preferred Securities (other than any such Preferred Securities in global form).

SECTION 7.10 Cancellation.

The Trust at any time may deliver Preferred Securities to the Property Trustee for cancellation. The Registrar, Paying Agent and Conversion Agent shall forward to the Property Trustee any Preferred Securities surrendered to them for registration of transfer, redemption, conversion, exchange or payment. The Property Trustee shall promptly cancel all Preferred Securities, surrendered for registration of transfer, redemption, conversion, exchange, payment, replacement or cancellation and shall return such canceled Preferred Securities to the Administrative Trustees. The Trust may not issue new Preferred Securities to replace Preferred Securities that it has paid or that have been delivered to the Property Trustee for cancellation or that any holder has converted.

ARTICLE VIII

DISSOLUTION AND TERMINATION OF TRUST

SECTION 8.01 Termination of Trust.

(a) The Trust shall dissolve upon the earliest to occur of the following:

- (i) the bankruptcy of the Holder of the Common Securities or the Sponsor;
- (ii) the filing of a certificate of dissolution or its equivalent with respect to the Holder of the Common Securities or the Sponsor; the revocation of the charter of the Holder of the Common Securities or the Sponsor and the expiration of 90 days after the date of revocation without a reinstatement thereof;
- (iii) the written direction of the Sponsor, as the Holder of the outstanding Common Securities, to the Property Trustee to dissolve the Trust and distribute a Like Amount of Debentures to Holders of the Securities in accordance with the terms of the Securities;
- (iv) all of the Securities shall have been called for redemption and the amounts necessary for redemption thereof shall have been paid to the Holders in accordance with the terms of the Securities;
- (v) the entry of a decree of judicial dissolution of the Holder of the Common Securities, the Sponsor or the Trust;
- (vi) upon the distribution of the Class B Common Stock (as defined in the Indenture) of the Sponsor to Holders of all outstanding Securities upon conversion of all such Securities;
- (vii) the expiration of the term of the Trust as set forth in Section 3.14 hereof; or
- (viii) before the issuance of any Securities, with the consent of all the Administrative Trustees and the Sponsor.

(b) As soon as is practicable after the occurrence of an event referred to in Section 8.01(a) and after satisfaction of liabilities of creditors of the Trust as provided by applicable law, any one of the Trustees (each of whom is hereby authorized to take such action) shall file a certificate of cancellation with the Secretary of State of the State of Delaware terminating the Trust and, upon such filing, the respective obligations and responsibilities of the Trustees and the Trust created and continued hereby, shall terminate.

(c) The provisions of Sections 3.09, 4.03, 10.01(b), 10.04, the last sentence of Section 3.06 and Article X shall survive the termination of the Trust.

ARTICLE IX

TRANSFER AND EXCHANGE

SECTION 9.01 General.

(a) Where Preferred Securities are presented to the Registrar or a co-registrar with a request to register a transfer or to exchange them for an equal number of Preferred Securities represented by different certificates, the Registrar shall register the transfer or make the exchange if its requirements for such transactions are met. To permit registrations of transfers and exchanges, the Administrative Trustee in accordance with this Declaration shall execute and deliver and the Property Trustee shall authenticate Preferred Securities at the Registrar's request.

(b) Securities may only be transferred, in whole or in part, in accordance with the terms and conditions set forth in this Declaration and in the terms of the Securities. To the fullest extent permitted by law, any transfer or purported transfer of any Security not made in accordance with this Declaration shall be null and void.

Subject to this Article IX, the Sponsor and any Related Party may only transfer Common Securities to the Sponsor or a Related Party of the Sponsor or as otherwise permitted by Article VIII of the Indenture; provided that, any such transfer is subject to the condition precedent that the transferor obtain the written opinion of nationally recognized independent counsel experienced in such matters that such transfer would not cause more than an insubstantial risk that:

- (i) the Trust would not be classified for United States federal income tax purposes as a grantor trust; and
- (ii) the Trust would be an Investment Company or the transferee would become an Investment Company.

(c) The Administrative Trustees shall provide for the registration of Securities and of transfers of Securities, which will be effected without charge but only upon payment (with such indemnity as the Administrative Trustees or Property Trustee may require) in respect of any tax or other governmental charges that may be imposed in relation to it. Upon surrender for registration of transfer of any Securities, the Administrative Trustees shall cause one or more new Securities to be issued in the name of the

designated transferee or transferees. Every Security surrendered for registration of transfer shall be accompanied by a written instrument of transfer in form satisfactory to the Administrative Trustees duly executed by the Holder or such Holder's attorney duly authorized in writing. Each Security surrendered for registration of transfer shall be canceled in accordance with Section 7.10. A transferee of a Security shall be entitled to the rights and subject to the obligations of a Holder hereunder upon the receipt by such transferee of a Security. By acceptance of a Security, each transferee shall be deemed to have agreed to be bound by this Declaration.

(d) The Trust shall not be required (i) to issue, register the transfer of, or exchange, Preferred Securities during a period beginning at the opening of business 15 days before the day of any selection of Preferred Securities for redemption set forth in the terms of the Securities as set forth in Annex I hereto and ending at the close of business on the day of selection, or (ii) to register the transfer or exchange of any Preferred Security so selected for redemption in whole or in part, except the unredeemed portion of any Preferred Security being redeemed in part.

(e) All Preferred Securities issued upon any transfer or exchange pursuant to the terms of this Declaration shall evidence the same security and shall be entitled to the same benefits under this Declaration as the Preferred Securities surrendered upon such transfer or exchange.

Section 9.02 Transfer Procedures and Restrictions.

(a) General. Subject to Sections 9.02(b) and 9.02(j)(ii), if Preferred Securities are issued upon the transfer, exchange or replacement of Preferred Securities bearing the Restricted Securities Legend set forth in Exhibit A-1 hereto, or if a request is made to remove such Restricted Securities Legend on Preferred Securities, the Preferred Securities so issued shall bear the Restricted Securities Legend, or the Restricted Securities Legend shall not be removed, as the case may be, unless there is delivered to the Trust and the Property Trustee such satisfactory evidence, which may include an opinion of counsel, as may be reasonably required by the Company, that (i) neither the legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A or Rule 144 under the Securities Act or (ii) that such Securities are not "restricted" within the meaning of Rule 144 under the Securities Act. Upon provision of such satisfactory evidence, the Property Trustee, at the written direction of an Administrative Trustee on behalf of the Trust, shall authenticate and deliver Preferred Securities that do not bear the Restricted Securities Legend.

(b) Transfers After Effectiveness of Shelf Registration Statement. After the effectiveness of a Shelf Registration Statement for any Preferred Securities, all requirements pertaining to Restricted Securities Legends on any Preferred Security included within such Shelf Registration Statement will cease to apply, and beneficial interests in a Preferred Security in global form without Restricted Securities Legends will be available to transferees of such Preferred Securities, upon directions to transfer such Holder's beneficial interest in the Rule 144A Global Preferred Security. After the effectiveness of the Shelf Registration Statement, the Administrative Trustees shall execute and deliver and the Property Trustee shall authenticate a Preferred Security in global form without the Restricted Securities Legend (the "Unrestricted Global Preferred Security") to deposit with the Depository to evidence transfers of beneficial interests from the Rule 144A Global Preferred Security.

(c) [Reserved]

(d) Transfer and Exchange of Definitive Preferred Securities. When Definitive Preferred Securities are presented to the Registrar or co-Registrar

(x) to register the transfer of such Definitive Preferred Securities; or

(y) to exchange such Definitive Preferred Securities for an equal number of Definitive Preferred Securities of another denomination,

the Registrar or co-registrar shall register the transfer or make the exchange as requested if its reasonable requirements for such transaction are met; provided, however, that the Definitive Preferred Securities surrendered for transfer or exchange:

(i) shall be duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to an Administrative Trustee on behalf of the Trust and the Registrar or co-registrar, duly executed by the Holder thereof or his attorney duly authorized in writing; and

(ii) in the case of Definitive Preferred Securities that are Restricted Preferred Securities, and are being transferred or exchanged (x) pursuant to an effective registration statement under the Securities Act or (y) pursuant to, and in compliance with, clause (A) or (B) below:

(A) if such Restricted Preferred Securities are being delivered to the Registrar by a Holder for registration in the name of such Holder, without transfer, such Holder shall deliver a certification to that effect (in the form set forth on the reverse of the Preferred Security); or

(B) if such Restricted Preferred Securities are being transferred pursuant to an exemption from registration in accordance with Rule 144A or Rule 144 under

the Securities Act such Holder shall deliver: (i) a certification to that effect (in the form set forth on the reverse of the Preferred Security) and (ii) if the Trust or Registrar so requests, evidence reasonably satisfactory to them as to the compliance with the restrictions set forth in the Restricted Securities Legend.

Definitive Preferred Securities that are transferred to QIBs in accordance with Rule 144A under the Securities Act must take delivery of their interests in the Preferred Securities in the form of a beneficial interest in the Rule 144A Global Preferred Security in accordance with Section 9.02(e).

(e) Restrictions on Transfer of a Definitive Preferred Security for a Beneficial Interest in a Global Preferred Security. A Definitive Preferred Security may not be exchanged for a beneficial interest in a Global Preferred Security except upon satisfaction of the requirements set forth below. Upon receipt by the Property Trustee of a Definitive Preferred Security, duly endorsed or accompanied by appropriate instruments of transfer, in form satisfactory to the Property Trustee, together with (i) written instructions directing the Property Trustee to make, or to direct the Depository to make, an adjustment on its books and records with respect to such Global Preferred Security to reflect an increase in the number of the Preferred Securities represented by the Global Preferred Security, and (ii) if such Definitive Preferred Security is a Restricted Preferred Security, certification, in the form provided on the reverse of the Preferred Security, to the effect that such Definitive Preferred Security is being transferred to a QIB in accordance with Rule 144A under the Securities Act, then the Property Trustee shall cancel such Definitive Preferred Security and cause, or direct the Depository to cause, the aggregate number of Preferred Securities represented by the Global Preferred Security to be increased accordingly. If no Global Preferred Securities are then outstanding, the Administrative Trustee shall execute and deliver and the Property Trustee shall authenticate, upon written order of any Administrative Trustee, an appropriate number of Preferred Securities in global form.

(f) Transfer and Exchange of Global Preferred Securities. The transfer and exchange of Global Preferred Securities or beneficial interests therein shall be effected through the Depository, in accordance with this Declaration (including applicable restrictions on transfer set forth herein, if any) and the procedures of the Depository therefor.

(g) Transfer of a Beneficial Interest in a Global Preferred Security for a Definitive Preferred Security.

(i) The transfer of a beneficial interest in a Rule 144A Global Preferred Security in exchange for a Definitive Preferred Security will require the delivery by the transferee of a transfer certificate in the form set forth in Exhibit A-1.

(ii) Definitive Preferred Securities issued in exchange for a beneficial interest in a Global Preferred Security pursuant to this Section 9.02(g) shall be registered in such names and in such authorized denominations as the Depository, pursuant to instructions from its Participants or indirect participants or otherwise, shall instruct the Property Trustee. The Property Trustee shall deliver such Preferred Securities to the Persons in whose names such Preferred Securities are so registered in accordance with the instructions of the Depository.

(h) Restrictions on Transfer and Exchange of Global Preferred Securities. Notwithstanding any other provisions of this Declaration (other than the provisions set forth in Section 7.03), a Global Preferred Security may not be transferred as a whole except by the Depository to a nominee of the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository.

(i) [Reserved].

(j) Legend.

(i) Except as permitted by the following paragraph (ii), each Preferred Security certificate evidencing the Global Preferred Securities and the Definitive Preferred Securities (and all Preferred Securities issued in exchange therefor or substitution thereof) shall bear a legend (the "Restricted Securities Legend") in substantially the following form:

"THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS SECURITY AND ANY CONVERTIBLE JUNIOR SUBORDINATED DEBENTURES ISSUED UPON EXCHANGE FOR THIS SECURITY AND ANY CLASS B COMMON STOCK ISSUABLE UPON CONVERSION THEREOF MAY NOT BE OFFERED, SOLD, PLEDGED, ENCUMBERED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES FOR THE BENEFIT OF THE TRUST AND CONTINENTAL AIRLINES, INC. THAT (A) THIS SECURITY AND ANY CONVERTIBLE JUNIOR SUBORDINATED DEBENTURES ISSUABLE UPON EXCHANGE THEREFOR AND ANY CLASS B COMMON STOCK ISSUABLE UPON CONVERSION THEREOF MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (i)

TO THE COMPANY, (ii) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (iii) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (iv) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (v) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (i) THROUGH (v) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER REPRESENTS THAT IT (1) IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, IS AWARE THAT THE SALE TO IT IS BEING MADE IN RELIANCE ON RULE 144A AND IS ACQUIRING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT OR (2) ACQUIRED SUCH SECURITY IN A TRANSACTION THAT DID NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT."

(ii) Upon any sale or transfer of a Restricted Preferred Security (including any Restricted Preferred Security represented by a Global Preferred Security) pursuant to Rule 144 under the Securities Act or an effective registration statement under the Securities Act the Registrar shall permit the holder thereof to exchange such Restricted Preferred Security for an interest in the Unrestricted Global Preferred Security.

(iii) Each Preferred Security certificate evidencing the Global Preferred Securities and the Definitive Preferred Securities (and all Preferred Securities issued in exchange therefor or substitution thereof) shall bear a legend in substantially the following form, unless otherwise determined by the Sponsor in accordance with applicable law:

"BY ITS PURCHASE HEREOF OR ANY INTEREST THEREIN, THE PURCHASER THEREOF WILL BE DEEMED TO HAVE REPRESENTED EITHER THAT (A) IT IS NOT A PLAN OR OTHER ENTITY WHOSE UNDERLYING ASSETS ARE SUBJECT TO ERISA AND/OR SECTION 4975 OF THE CODE, OR A GOVERNMENTAL OR CHURCH PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR (B) ITS PURCHASE AND HOLDING OF A TIDES WILL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL OR CHURCH PLAN, A VIOLATION OF ANY SUBSTANTIALLY SIMILAR FEDERAL, STATE OR LOCAL LAW). FURTHER, THE FIDUCIARIES OF ANY PLAN OR PLAN ASSETS ENTITY WHICH MAY PURCHASE OR HOLD THESE SECURITIES WILL BE DEEMED AS A RESULT OF SUCH ACQUISITION OR HOLDING TO HAVE (A) DIRECTED THE TRUST TO INVEST IN THE DEBENTURES, (B) AUTHORIZED AND DIRECTED ANY OF THE ACTIONS TAKEN OR WHICH MAY BE TAKEN WITH RESPECT TO THE TRUST, THE CONVERTIBLE JUNIOR SUBORDINATED DEBENTURES AND THESE SECURITIES BY ANY OF THE TRUSTEES, THE DEBENTURE TRUSTEE, THE GUARANTEE TRUSTEE OR US AS CONTEMPLATED BY THE INDENTURE, THE DEBENTURES OR THE GUARANTEE AND (C) TO HAVE APPOINTED THE TRUSTEES."

(iv) Preferred Securities issued in the form of one or more permanent Global Preferred Securities shall bear a legend in substantially the following form, unless otherwise determined by the Sponsor in accordance with applicable law:

[Include if Preferred Security is in global form and The Depository Trust Company is the Depository--]

"THIS CERTIFICATE IS A PREFERRED GLOBAL SECURITY WITHIN THE MEANING OF THE DECLARATION HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY (THE "DEPOSITORY" OR "DTC") OR A NOMINEE OF THE DEPOSITORY. THIS CERTIFICATE IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE DECLARATION AND NO TRANSFER OF THIS CERTIFICATE (OTHER THAN A TRANSFER OF THIS CERTIFICATE AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (55 WATER STREET, NEW YORK, NEW YORK), TO THE TRUST OR ITS AGENT FOR

REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

[Include if Preferred Security is in global form--]

"TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE DECLARATION REFERRED TO BELOW."

(k) Cancellation or Adjustment of Global Preferred Security.

At such time as all beneficial interests in a Global Preferred Security have either been exchanged for Definitive Preferred Securities to the extent permitted by the Declaration or redeemed, repurchased or cancelled in accordance with the terms of this Declaration, such Global Preferred Security shall be returned to the Depository for cancellation or retained and cancelled by the Property Trustee. At any time prior to such cancellation, if any beneficial interest in a Global Preferred Security is exchanged for Definitive Preferred Securities, Preferred Securities represented by such Global Preferred Security shall be reduced and an adjustment shall be made on the books and records of the Property Trustee (if it is then the Securities Custodian for such Global Preferred Security) with respect to such Global Preferred Security, by the Property Trustee or the Securities Custodian, to reflect such reduction.

(l) [Reserved]

(m) No Obligation of the Property Trustee.

(i) The Property Trustee shall have no responsibility or obligation to any beneficial owner of a Global Preferred Security, a Participant in the Depository or other Person with respect to the accuracy of the records of the Depository or its nominee or of any Participant thereof, with respect to any ownership interest in the Preferred Securities or with respect to the delivery to any Participant, beneficial owner or other Person (other than the Depository) of any notice (including any notice of redemption) or the payment of any amount, under or with respect to such Preferred Securities. All notices and communications to be given to the Holders and all payments to be made to Holders under the Preferred Securities shall be given or made only to or upon the order of the registered Holders (which shall be the Depository or its nominee in the case of a Global Preferred Security). The rights of beneficial owners in any Global Preferred Security shall be exercised only through the Depository subject to the applicable rules and procedures of the Depository. The Property Trustee may conclusively rely and shall be fully protected in relying upon information furnished by the Depository or agent thereof with respect to its Participants and any beneficial owners.

(ii) The Property Trustee and Registrar shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Declaration or under applicable law with respect to any transfer of any interest in any Preferred Security (including any transfers between or among Depository Participants or beneficial owners in any Global Preferred Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Declaration, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

SECTION 9.03 Deemed Security Holders.

The Trustees may treat the Person in whose name any Certificate shall be registered on the books and records of the Trust as the sole holder of such Certificate and of the Securities represented by such Certificate for purposes of receiving Distributions and for all other purposes whatsoever and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such Certificate or in the Securities represented by such Certificate on the part of any Person, whether or not the Trust, the Trustees, the Registrar or a co-registrar shall have actual or other notice thereof.

SECTION 9.04 [Reserved].

SECTION 9.05 Notices to Clearing Agency.

Whenever a notice or other communication to the Preferred Security Holders is required under this Declaration, the Trustees shall, in the case of any Global Preferred Security, give all such notices and communications specified herein to be given to the Preferred Security Holders to the Depository, and shall have no notice obligations to the Preferred Security Beneficial Owners.

SECTION 9.06 Appointment of Successor Clearing Agency.

If the Depository elects to discontinue its services as securities depository with respect to the Preferred Securities, the Administrative Trustees

may, in their sole discretion, appoint a successor Clearing Agency with respect to such Preferred Securities.

ARTICLE X

LIMITATION OF LIABILITY OF HOLDERS OF SECURITIES, TRUSTEES OR OTHERS

SECTION 10.01 Liability.

(a) Except as expressly set forth in this Declaration, the Securities Guarantees and the terms of the Securities the Sponsor shall not be:

(i) personally liable for the return of any portion of the capital contributions (or any return thereon) of the Holders of the Securities which shall be made solely from assets of the Trust; or

(ii) required to pay to the Trust or to any Holder of Securities any deficit upon dissolution of the Trust or otherwise.

(b) The Holder of the Common Securities shall be liable for all of the debts and obligations of the Trust (other than with respect to the Securities) to the extent not satisfied out of the Trust's assets.

(c) Pursuant to Section 3803(a) of the Business Trust Act, the Holders of the Preferred Securities shall be entitled to the same limitation of personal liability extended to stockholders of private corporations for profit organized under the General Corporation Law of the State of Delaware.

SECTION 10.02 Exculpation.

(a) No Indemnified Person shall be liable, responsible or accountable in damages or otherwise to the Trust or any Covered Person for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Indemnified Person in good faith on behalf of the Trust and in a manner such Indemnified Person reasonably believed to be within the scope of the authority conferred on such Indemnified Person by this Declaration or by law, except that an Indemnified Person shall be liable for any such loss, damage or claim incurred by reason of such Indemnified Person's gross negligence (or, in the case of the Property Trustee, negligence) or willful misconduct with respect to such acts or omissions.

(b) An Indemnified Person shall be fully protected in relying in good faith upon the records of the Trust and upon such information, opinions, reports or statements presented to the Trust by any Person as to matters the Indemnified Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Trust, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses, or any other facts pertinent to the existence and amount of assets from which Distributions to Holders of Securities might properly be paid.

SECTION 10.03 Fiduciary Duty.

(a) To the extent that, at law or in equity, an Indemnified Person has duties (including fiduciary duties) and liabilities relating thereto to the Trust or to any other Covered Person, an Indemnified Person acting under this Declaration shall not be liable to the Trust or to any other Covered Person for its good faith reliance on the provisions of this Declaration. The provisions of this Declaration, to the extent that they restrict the duties and liabilities of an Indemnified Person otherwise existing at law or in equity (other than the duties imposed on the Property Trustee under the Trust Indenture Act), are agreed by the parties hereto to replace such other duties and liabilities of such Indemnified Person.

(b) Unless otherwise expressly provided herein:

(i) whenever a conflict of interest exists or arises between an Indemnified Person and any Covered Person; or

(ii) whenever this Declaration or any other agreement contemplated herein or therein provides that an Indemnified Person shall act in a manner that is, or provides terms that are, fair and reasonable to the Trust or any Holder of Securities,

the Indemnified Person shall resolve such conflict of interest, take such action or provide such terms, considering in each case the relative interest of each party (including its own interest) to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices, and any applicable generally accepted accounting practices or principles. In the absence of bad faith by the Indemnified Person, the resolution, action or term so made, taken or provided by the Indemnified Person shall not constitute a breach of this Declaration or any other agreement contemplated herein or of any duty or obligation of the Indemnified Person at law or in equity or otherwise.

(c) Whenever in this Declaration an Indemnified Person is permitted or required to make a decision

(i) in its "discretion" or under a grant of similar authority, the Indemnified Person shall be entitled to consider such interests and factors as it desires, including its own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting the Trust or any other Person; or

(ii) in its "good faith" or under another express standard, the Indemnified Person shall act under such express standard

and shall not be subject to any other or different standard imposed by this Declaration or by applicable law.

SECTION 10.04 Indemnification.

(a) To the fullest extent permitted by applicable law, the Debenture Issuer shall indemnify and hold harmless each Indemnified Person from and against any loss, damage, liability, tax, penalty, expense or claim of any kind or nature whatsoever incurred by such Indemnified Person by reason of the creation, operation or termination of the Trust or any act or omission performed or omitted by such Indemnified Person in good faith on behalf of the Trust and in a manner such Indemnified Person reasonably believed to be within the scope of authority conferred on such Indemnified Person by this Declaration, except that no Indemnified Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Indemnified Person by reason of gross negligence (or, in the case of the Property Trustee, negligence) or willful misconduct with respect to such acts or omissions.

(b) To the fullest extent permitted by applicable law, expenses (including reasonable legal fees and expenses) incurred by an Indemnified Person in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Debenture Issuer prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Debenture Issuer of an undertaking by or on behalf of the Indemnified Person to repay such amount if it shall be determined that the Indemnified Person is not entitled to be indemnified as authorized in Section 10.4(a). The indemnification shall survive the termination of this Declaration or the resignation or removal of the Property Trustee or the Delaware Trustee, as the case may be.

SECTION 10.05 Outside Businesses.

Any Covered Person, the Sponsor, the Delaware Trustee and the Property Trustee (subject to Section 5.03(c)) may engage in or possess an interest in other business ventures of any nature or description, independently or with others, similar or dissimilar to the business of the Trust, and the Trust and the Holders of Securities shall have no rights by virtue of this Declaration in and to such independent ventures or the income or profits derived therefrom and the pursuit of any such venture, even if competitive with the business of the Trust, shall not be deemed wrongful or improper. None of the Sponsor, any Covered Person, the Delaware Trustee, or the Property Trustee shall be obligated to present any particular investment or other opportunity to the Trust even if such opportunity is of a character that, if presented to the Trust, could be taken by the Trust, and any Covered Person, the Sponsor, the Delaware Trustee and the Property Trustee shall have the right to take for its own account (individually or as a partner or fiduciary) or to recommend to others any such particular investment or other opportunity. Any Covered Person, the Delaware Trustee and the Property Trustee may engage or be interested in any financial or other transaction with the Sponsor or any Affiliate of the Sponsor, or may act as depositary for, trustee or agent for, or act on any committee or body of holders of, securities or other obligations of the Sponsor or its Affiliates.

ARTICLE XI

ACCOUNTING

SECTION 11.01 Fiscal Year.

The fiscal year ("Fiscal Year") of the Trust shall be the calendar year, or such other year as is required by the Code.

SECTION 11.02 Certain Accounting Matters.

(a) At all times during the existence of the Trust, the Administrative Trustees shall keep, or cause to be kept, full books of account, records and supporting documents, which shall reflect in reasonable detail, each transaction of the Trust. The books of account shall be maintained on the accrual method of accounting, in accordance with generally accepted accounting principles, consistently applied. The Trust shall use the accrual method of accounting for United States federal income tax purposes. The books of account and the records of the Trust shall be examined by and reported upon as of the end of each Fiscal Year by a firm of independent certified public accountants selected by the Administrative Trustees.

(b) The Administrative Trustees shall cause to be prepared and delivered to each of the Holders of Securities, within 90 days after the end of each Fiscal Year of the Trust, annual financial statements of the Trust, including a balance sheet of the Trust as of the end of such Fiscal Year, and the related statements of income or loss.

(c) The Administrative Trustees shall cause to be duly prepared and delivered to each of the Holders of Securities, any annual United States federal income tax information statement, required by the Code, containing such information with regard to the Securities held by each Holder as is required by the Code and the Treasury Regulations. Notwithstanding any right under the Code to deliver any such statement at a later date, the Administrative Trustees shall endeavor to deliver all such statements within 30 days after the end of each Fiscal Year of the Trust.

(d) The Administrative Trustees shall cause to be duly prepared and filed with the appropriate taxing authority, an annual United States federal income tax return, on a Form 1041 or such other form required by United States federal income tax law, and any other annual income tax returns required to be filed by the Administrative Trustees on behalf of the Trust with any state or local taxing authority.

SECTION 11.03 Banking.

The Trust shall maintain one or more bank accounts in the name and for the sole benefit of the Trust; provided, however, that all payments of funds in respect of the Debentures held by the Property Trustee shall be made directly to the Property Trustee Account and no other funds of the Trust shall be deposited in the Property Trustee Account. The sole signatories for such accounts shall be designated by the Administrative Trustees; provided, however, that the Property Trustee shall designate the signatories for the Property Trustee Account.

SECTION 11.04 Withholding.

The Administrative Trustees on behalf of the Trust shall comply with all withholding requirements under United States federal, state and local law. The Administrative Trustees on behalf of the Trust shall request, and the Holders shall provide to the Trust, such forms or certificates as are necessary to establish an exemption from withholding with respect to each Holder, and any representations and forms as shall reasonably be requested by the Administrative Trustees on behalf of the Trust to assist it in determining the extent of, and in fulfilling, its withholding obligations. The Administrative Trustees shall file required forms with applicable jurisdictions and, unless an exemption from withholding is properly established by a Holder, shall remit amounts withheld with respect to the Holder to applicable jurisdictions. To the extent that the Trust is required to withhold and pay over any amounts to any authority with respect to distributions or allocations to any Holder, the amount withheld shall be deemed to be a distribution in the amount of the withholding to the Holder. In the event of any claimed overwithholding, Holders shall be limited to an action against the applicable jurisdiction. If the amount required to be withheld was not withheld from actual Distributions made, the Trust (at the written direction of one of the Administrative Trustees of the Trust) may reduce subsequent Distributions by the amount of such withholding.

ARTICLE XII

AMENDMENTS AND MEETINGS

SECTION 12.01 Amendments.

(a) This Declaration may be amended from time to time by the Sponsor, the Property Trustee and the Administrative Trustees, without the consent of the Holders of the Securities, (i) to cure any ambiguity, correct or supplement any provision in the Declaration that may be inconsistent with any other provision, or to make any other provisions with respect to ministerial matters or questions arising under the Declaration, which shall not be inconsistent with the other provisions of the Declaration, or (ii) to modify, eliminate or add to any provisions of the Declaration to such extent as shall be necessary to ensure that the Trust will not be taxable as a corporation or will be classified for United States federal income tax purposes as a grantor trust at all times that any Securities are outstanding or to ensure that the Trust will not be required to register as an "investment company" under the Investment Company Act; provided, however, that in the case of clause (i), such action shall not adversely affect in any material respect the interests of any Holder of Securities, and any such amendments of the Declaration shall become effective when notice thereof is given to the Holders of the Securities.

(b) Except as provided in (c) below, this Declaration may be amended by the Trustees and the Sponsor with (i) the consent of Holders representing not less than a Majority in liquidation amount of the outstanding Preferred Securities, and (ii) receipt by the Trustees of an opinion of counsel to the effect that such amendment or the exercise of any power granted to the Trustees in accordance with such amendment will not affect the Trust's status as a grantor trust for United States federal income tax purposes or the Trust's exemption from status as an "investment company" under the Investment Company Act.

(c) Without the consent of each holder of Securities, the Declaration may not be amended to (i) change the amount or timing of any Distribution on the Securities or otherwise adversely affect the amount of any Distribution required to be made in respect of the Securities of a specified date or (ii) restrict the right of a Holder of Securities to institute suit for the enforcement of any such payment on or after such date.

SECTION 12.02 Meetings of the Holders of Securities; Action by Written Consent.

(a) Meetings of the Holders of any class of Securities may be called at any time by the Administrative Trustees (or as provided in the terms of the Securities) to consider and act on any matter on which Holders of such class of Securities are entitled to act under the terms of this Declaration, the terms of the Securities or the rules of any stock exchange on which the Preferred Securities are listed or admitted for trading. The Administrative Trustees shall call a meeting of the Holders of such class if directed to do so by the Holders of at least 25% in liquidation amount of such class of Securities. Such direction shall be given by delivering to the Administrative Trustees one or more requests in a writing stating that the signing Holders of Securities wish to call a meeting and indicating the general or specific purpose for which the meeting is to be called. Any Holders of Securities calling a meeting shall specify in writing the Certificates held by the Holders of Securities exercising the right to call a meeting and only those Securities represented by the Certificates so specified shall be counted for purposes of determining whether the required percentage set forth in the second sentence of this paragraph has been met.

(b) Except to the extent otherwise provided in the terms of the Securities, the following provisions shall apply to meetings of Holders of Securities:

(i) notice of any such meeting shall be given to all

the Holders of Securities having a right to vote thereat at least 7 days and not more than 60 days before the date of such meeting. Whenever a vote, consent or approval of the Holders of Securities is permitted or required under this Declaration or the rules of any stock exchange on which the Preferred Securities are listed or admitted for trading, such vote, consent or approval may be given at a meeting of the Holders of Securities. Any action that may be taken at a meeting of the Holders of Securities may be taken without a meeting and without prior notice if a consent in writing setting forth the action so taken is signed by the Holders of Securities owning not less than the minimum aggregate liquidation amount of Securities that would be necessary to authorize or take such action at a meeting at which all Holders of Securities having a right to vote thereon were present and voting. Prompt notice of the taking of action without a meeting shall be given to the Holders of Securities entitled to vote who have not consented in writing. The Administrative Trustees may specify that any written ballot submitted to the Holders for the purpose of taking any action without a meeting shall be returned to the Trust within the time specified by the Administrative Trustees;

(ii) each Holder of a Security may authorize any Person to act for it by proxy on all matters in which a Holder of Securities is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. No proxy shall be valid after the expiration of 11 months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Holder of Securities executing it. Except as otherwise provided herein, all matters relating to the giving, voting or validity of proxies shall be governed by the General Corporation Law of the State of Delaware relating to proxies, and judicial interpretations thereunder, as if the Trust were a Delaware corporation and the Holders of the Securities were stockholders of a Delaware corporation;

(iii) each meeting of the Holders of the Securities shall be conducted by the Administrative Trustees or by such other Person that the Administrative Trustees may designate; and

(iv) unless the Business Trust Act, this Declaration, the terms of the Securities, the Trust Indenture Act or the listing rules of any stock exchange on which the Preferred Securities are then listed or trading, provide otherwise, the Administrative Trustees, in their sole discretion, shall establish all other provisions relating to meetings of Holders of Securities, including notice of the time, place or purpose of any meeting at which any matter is to be voted on by any Holders of Securities, waiver of any such notice, action by consent without a meeting, the establishment of a record date, quorum requirements, voting in person or by proxy or any other matter with respect to the exercise of any such right to vote.

ARTICLE XIII

REPRESENTATIONS OF PROPERTY TRUSTEE AND DELAWARE TRUSTEE

SECTION 13.01 Representations and Warranties of Property Trustee.

The Trustee that acts as initial Property Trustee represents and warrants to the Trust and to the Sponsor at the date of this Declaration, at the Closing Date and at each Optional Closing Date, if any, and each Successor Property Trustee represents and warrants to the Trust and the Sponsor at the time of the Successor Property Trustee's acceptance of its appointment as Property Trustee that:

(a) The Property Trustee is a banking corporation with trust powers, duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, with corporate power and authority to execute and deliver, and to carry out and perform its obligations under the terms of, the Declaration.

(b) The execution, delivery and performance by the Property Trustee of the Declaration has been duly authorized by all necessary corporate action on the part of the Property Trustee. The Declaration has been duly executed and delivered by the Property Trustee, and constitutes a legal, valid and binding obligation of the Property Trustee, enforceable against it in accordance with its terms, subject to applicable bankruptcy, reorganization, moratorium, insolvency, and other similar laws affecting creditors' rights generally and to general principles of equity and the discretion of the court (regardless of whether the enforcement of such remedies is considered in a proceeding in equity or at law).

(c) The execution, delivery and performance of the Declaration by the Property Trustee does not conflict with or constitute a breach of the certificate of incorporation or by-laws of the Property Trustee.

(d) No consent, approval or authorization of, or registration with or notice to, any Delaware or Federal banking authority is required for the execution, delivery or performance by the Property Trustee, of the Declaration.

(e) The Property Trustee, pursuant to this Declaration, shall hold legal title to, and an ownership interest on behalf of the Holders of the Securities, in the Debentures and agrees that, except as expressly provided or contemplated by this Declaration, it will not create, incur or assume, or suffer to exist any mortgage, pledge, hypothecation, encumbrance, lien or other charge or security interest upon the Debentures.

SECTION 13.02 Representations and Warranties of Delaware Trustee.

The Trustee that acts as initial Delaware Trustee represents and

warrants to the Trust and to the Sponsor at the date of this Declaration, at the Closing Date and at each Optional Closing Date, if any, and each Successor Delaware Trustee represents and warrants to the Trust and the Sponsor at the time of the Successor Property Trustee's acceptance of its appointment as Delaware Trustee that:

(a) The Delaware Trustee is a banking corporation with trust powers, duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, with corporate power and authority to execute and deliver, and to carry out and perform its obligations under the terms of, the Declaration.

(b) The execution, delivery and performance by the Delaware Trustee of the Declaration has been duly authorized by all necessary corporate action on the part of the Delaware Trustee. The Declaration has been duly executed and delivered by the Delaware Trustee, and constitutes a legal, valid and binding obligation of the Delaware Trustee, enforceable against it in accordance with its terms, subject to applicable bankruptcy, reorganization, moratorium, insolvency, and other similar laws affecting creditors' rights generally and to general principles of equity and the discretion of the court (regardless of whether the enforcement of such remedies is considered in a proceeding in equity or at law).

(c) The execution, delivery and performance of the Declaration by the Delaware Trustee does not conflict with or constitute a breach of the certificate of incorporation or by-laws of the Delaware Trustee.

(d) No consent, approval or authorization of, or registration with or notice to, any Delaware or Federal banking authority is required for the execution, delivery or performance by the Delaware Trustee, of the Declaration.

(e) The Delaware Trustee is an entity which has its principal place of business in the State of Delaware.

ARTICLE XIV

REGISTRATION RIGHTS

SECTION 14.01 Registration Rights.

The Holders of the Preferred Securities, the Debentures, the Preferred Securities Guarantee and the shares of Class B Common Stock of the Sponsor issuable upon conversion of the Securities are entitled to the benefits of a Registration Rights Agreement as set forth in the Purchase Agreement and the Indenture.

ARTICLE XV

MISCELLANEOUS

SECTION 15.01 NOTICES.

All notices provided for in this Declaration shall be in writing, duly signed by the party giving such notice, and shall be delivered, telecopied or mailed by registered or certified mail, as follows:

(a) if given to the Trust, in care of the Administrative Trustees at the Trust's mailing address set forth below (or such other address as the Trust may give notice of to the Holders of the Securities):

c/o Continental Airlines, Inc.
1600 Smith Street, HQSE0
Houston, Texas 77002
Attention: General Counsel and Chief Financial Officer
Facsimile No.: (713) 324-2687

(b) if given to the Property Trustee, at the mailing address set forth below (or such other address as the Property Trustee may give notice of to the Holders of the Securities):

Wilmington Trust Company
Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890-0001
Attention: Corporate Trust Administration

(c) if given to the Delaware Trustee, at the mailing address set forth below (or such other address as the Delaware Trustee may give notice of to the Holders of the Securities):

Wilmington Trust Company
Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890-0001
Attention: Corporate Trust Administration

(d) if given to the Holder of the Common Securities, at the mailing address of the Sponsor set forth below (or such other address as the Holder of the Common Securities may give notice to the Trust):

c/o Continental Airlines, Inc.
1600 Smith Street, HQSE0
Houston, Texas 77002
Attention: General Counsel and Chief Financial Officer
Facsimile No.: (713) 324-2687

(e) if given to any other Holder, at the address set forth on the books and records of the Trust or the Registrar, as applicable.

All such notices shall be deemed to have been given when received in person, telecopied with receipt confirmed, or mailed by first class mail, postage prepaid except that if a notice or other document is refused delivery or cannot be delivered because of a changed address of which no notice was given, such notice or other document shall be deemed to have been delivered on the date of such refusal or inability to deliver.

SECTION 15.02 Governing Law.

THIS DECLARATION AND THE RIGHTS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE AND ALL RIGHTS AND REMEDIES SHALL BE GOVERNED BY SUCH LAWS WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS OF THE STATE OF DELAWARE OR ANY OTHER JURISDICTION THAT WOULD CALL FOR THE APPLICATION OF THE LAW OF ANY JURISDICTION OTHER THAN THE STATE OF DELAWARE; PROVIDED, HOWEVER, THAT THERE SHALL NOT BE APPLICABLE TO THE PARTIES HEREUNDER OR THIS DECLARATION ANY PROVISION OF THE LAWS (STATUTORY OR COMMON) OF THE STATE OF DELAWARE PERTAINING TO TRUSTS THAT RELATE TO OR REGULATE, IN A MANNER INCONSISTENT WITH THE TERMS HEREOF (A) THE FILING WITH ANY COURT OR GOVERNMENTAL BODY OR AGENCY OF TRUSTEE ACCOUNTS OR SCHEDULES OF TRUSTEE FEES AND CHARGES, (B) AFFIRMATIVE REQUIREMENTS TO POST BONDS FOR TRUSTEES, OFFICERS, AGENTS OR EMPLOYEES OF A TRUST, (C) THE NECESSITY FOR OBTAINING COURT OR OTHER GOVERNMENTAL APPROVAL CONCERNING THE ACQUISITION, HOLDING OR DISPOSITION OF REAL OR PERSONAL PROPERTY, (D) FEES OR OTHER SUMS PAYABLE TO TRUSTEES, OFFICERS, AGENTS OR EMPLOYEES OF A TRUST, (E) THE ALLOCATION OF RECEIPTS AND EXPENDITURES TO INCOME OR PRINCIPAL, (F) RESTRICTIONS OR LIMITATIONS ON THE PERMISSIBLE NATURE, AMOUNT OR CONCENTRATION OF TRUST INVESTMENTS OR REQUIREMENTS RELATING TO THE TITLING, STORAGE OR OTHER MANNER OF HOLDING OR INVESTING TRUST ASSETS OR (G) THE ESTABLISHMENT OF FIDUCIARY OR OTHER STANDARDS OF RESPONSIBILITY OR LIMITATIONS ON THE ACTS OR POWERS OF TRUSTEES THAT ARE INCONSISTENT WITH THE LIMITATIONS OR LIABILITIES OR AUTHORITIES AND POWERS OF THE TRUSTEES HEREUNDER AS SET FORTH OR REFERENCED IN THIS DECLARATION. SECTION 3540 OF TITLE 12 OF THE DELAWARE CODE SHALL NOT APPLY TO THE TRUST.

SECTION 15.03 Intention of the Parties.

It is the intention of the parties hereto that the Trust be classified for United States federal income tax purposes as a grantor trust. The provisions of this Declaration shall be interpreted to further this intention of the parties.

SECTION 15.04 Headings.

Headings contained in this Declaration are inserted for convenience of reference only and do not affect the interpretation of this Declaration or any provision hereof.

SECTION 15.05 Successors and Assigns.

Whenever in this Declaration any of the parties hereto is named or referred to, the successors and assigns of such party shall be deemed to be included, and all covenants and agreements in this Declaration by the Sponsor and the Trustees shall bind and inure to the benefit of their respective successors and assigns, whether so expressed.

SECTION 15.06 Partial Enforceability.

If any provision of this Declaration, or the application of such provision to any Person or circumstance, shall be held invalid, the remainder of this Declaration, or the application of such provision to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

SECTION 15.07 Counterparts.

This Declaration may contain more than one counterpart of the signature page and this Declaration may be executed by the affixing of the signature of each of the Trustees to one of such counterpart signature pages. All of such counterpart signature pages shall be read as though one, and they shall have the same force and effect as though all of the signers had signed a single signature page.

IN WITNESS WHEREOF, the undersigned has caused these presents to be executed as of the day and year first above written.

/s/ Gerald Laderman

as Administrative Trustee

/s/ Lawrence W. Kellner

as Administrative Trustee

WILMINGTON TRUST COMPANY, as
Delaware Trustee

By: /s/ W. Chris Sponenberg

Name: W. Chris Sponenberg
Title: Assistant Vice President

WILMINGTON TRUST COMPANY, as
Property Trustee

By: /s/ W. Chris Sponenberg

Name: W. Chris Sponenberg
Title: Assistant Vice President

CONTINENTAL AIRLINES, INC.,
as Sponsor and Debenture Issuer

By: /s/ Gerald Laderman

Name: Gerald Laderman
Title: Senior Vice President
Finance

TERMS OF 6% CONVERTIBLE PREFERRED SECURITIES
 TERM INCOME DEFERRABLE EQUITY SECURITIES (TIDES)SM
 6% CONVERTIBLE COMMON SECURITIES

Pursuant to Section 7.01 of the Amended and Restated Declaration of Trust, dated as of November 10, 2000 (as amended from time to time, the "Declaration"), the designation, rights, privileges, restrictions, preferences and other terms and provisions of the Preferred Securities and the Common Securities are set out below (each capitalized term used but not defined herein has the meaning set forth in the Declaration or the Indenture (as defined in the Declaration) or, if not defined in the Declaration or Indenture, as defined in the Offering Circular (as defined in the Declaration)):

1. Designation and Number.

(a) "Preferred Securities." 5,000,000 Preferred Securities of the Trust with an aggregate liquidation preference with respect to the assets of the Trust of Two-Hundred Fifty Million Dollars (\$250,000,000), and a liquidation amount with respect to the assets of the Trust of \$50 per Preferred Security, are hereby designated for the purposes of identification only as "6% Convertible Preferred Securities, Term Income Deferrable Equity Securities (TIDES) SM" (the "Preferred Securities"). The Preferred Security Certificates evidencing the Preferred Securities shall be substantially in the form attached hereto as Exhibit A-1, with such changes and additions thereto or deletions therefrom as may be required by ordinary usage, custom or practice or to conform to the rules of any stock exchange or other organization on which the Preferred Securities are listed.

(b) "Common Securities." 154,640 Common Securities of the Trust with an aggregate liquidation amount with respect to the assets of the Trust of Seven Million Seven-Hundred Thirty-Two Thousand Dollars (\$7,732,000) and a liquidation amount with respect to the assets of the Trust of \$50 per Common Security, are hereby designated for the purposes of identification only as "6% Convertible Common Securities" (the "Common Securities"). The Common Security Certificates evidencing the Common Securities shall be substantially in the form attached hereto as Exhibit A-2, with such changes and additions thereto or deletions therefrom as may be required by ordinary usage, custom or practice.

2. Distributions.

(a) Distributions payable on each Security will be fixed at a rate per annum of 6% (the "Coupon Rate") of the stated liquidation amount of \$50 per Security, such rate being the rate of interest payable on the Debentures to be held by the Property Trustee. Distributions in arrears for more than one quarter will bear interest thereon compounded quarterly at the Coupon Rate (to the extent permitted by applicable law), subject to adjustment in the event of a Registration Default, as described in the Declaration. The term "Distributions" as used herein includes such quarterly distributions, additional distributions on quarterly distributions not paid on the applicable Distribution Date, Special Distributions and Additional Sums, as applicable. A Distribution is payable only to the extent that payments are made in respect of the Debentures held by the Property Trustee and to the extent the Property Trustee has funds available therefor. The amount of Distributions payable for any period will be computed for any full quarterly Distribution period on the basis of a 360-day year of twelve 30-day months, and for any period shorter than a full quarterly Distribution period for which Distributions are computed, Distributions will be computed on the basis of the actual number of days elapsed per 30-day month.

(b) Distributions on the Securities will be cumulative, will accrue from the date of their original issuance and will be payable quarterly in arrears, on the following dates, which dates correspond to the interest payment dates on the Debentures: February 15, May 15, August 15 and November 15 of each year, commencing on February 15, 2001, except as otherwise described below. The Sponsor has the right under the Indenture to defer payments of interest by extending the interest payment period from time to time on the Debentures for a period not exceeding 20 consecutive quarters (each a "Deferral Period") and, as a consequence of such deferral, Distributions will also be deferred. Despite such deferral, quarterly Distributions will continue to accrue with interest thereon (to the extent permitted by applicable law) at the Coupon Rate compounded quarterly during any such Deferral Period. Prior to three Business Days before a Regular Record Date fixed for a Payment Resumption Date (as defined in the Indenture), the Sponsor may further extend such Deferral Period; provided that such Deferral Period together with all such previous and further extensions thereof may not exceed 20 consecutive quarters or extend beyond the maturity (whether at the stated maturity or by declaration of acceleration, call for redemption or otherwise) of the Debentures under the Indenture. Payments of accrued Distributions will be payable to Holders as they appear on the books and records of the Trust on the Regular Record Date for the relevant Payment Resumption Date. Upon the termination of any Deferral Period and the payment of all amounts then due, the Sponsor may commence a new Deferral Period, subject to the above requirements.

(c) Distributions on the Securities will be payable to the Holders thereof as they appear on the books and records of the Trust at the close of business on the relevant record dates. The relevant record dates shall be on the 1st day of the month of the relevant payment dates, except as otherwise described in this Annex I to the Declaration. Subject to any applicable laws and regulations and the provisions of the Declaration, each such payment in respect of Preferred Securities being held in book-entry form through The Depository Trust Company (the "Depository") will be made as described under the heading "Description of TIDES--Form, Book-Entry Procedures and Transfer" in the Offering Circular. The relevant record dates for the Common Securities shall be the same

record dates as for the Preferred Securities. Distributions payable on any Securities that are not punctually paid on any Distribution payment date, as a result of the Sponsor having failed to make a payment under the Debentures, will cease to be payable to the Person in whose name such Securities are registered on the relevant record date, and such defaulted Distribution will instead be payable to the Person in whose name such Securities are registered on the special record date or other specified date determined in accordance with the Indenture. If any date on which Distributions are payable on the Securities is not a Business Day, then payment of the Distribution payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, with respect to any Redemption Date, if such Business Day is in the next succeeding calendar year, such Redemption Date shall be the immediately preceding Business Day, in each case with the same force and effect as if made on such date.

(d) In the event of an election by the Holder to convert its Securities through the Conversion Agent into Class B Common Stock pursuant to the terms of the Securities as forth in this Annex I to the Declaration, no payment, allowance or adjustment shall be made with respect to accumulated and unpaid Distributions on such Securities, or be required to be made; provided that Holders of Securities at the close of business on any record date for the payment of Distributions will be entitled to receive the Distributions payable on such Securities on the corresponding payment date notwithstanding the conversion of such Securities into Class B Common Stock following such record date.

(e) In the event that there is any money or other property held by or for the Trust that is not accounted for hereunder, such property shall be distributed Pro Rata (as defined herein) among the Holders of the Securities.

3. Liquidation Distribution Upon Dissolution.

In the event of any voluntary or involuntary dissolution of the Trust, the Trust shall be liquidated by the Trustees as expeditiously as the Trustees determine to be possible by distributing, after satisfaction of liabilities to creditors of the Trust as provided by applicable law (including, without limitation, by paying or making reasonable provision to pay all claims and obligations of the Trust in accordance with Section 3808(e) of the Business Trust Act), to the Holders of the Securities a Like Amount of Debentures, unless such distribution would not be practical as determined by the Administrative Trustees, in which event such Holders will be entitled to receive out of the assets of the Trust available for distribution to holders, after satisfaction of liabilities to creditors of the Trust as provided by applicable law (including, without limitation, by paying or making reasonable provision to pay all claims and obligations of the Trust in accordance with Section 3808(e) of the Business Trust Act), an amount equal to, in the case of Holders of Preferred Securities, the aggregate liquidation amount thereof plus accrued and unpaid Distributions thereon to the date of payment (such amount being the "Liquidation Distribution"). If such Liquidation Distribution can be paid only in part because the Trust has insufficient assets available to pay in full the aggregate Liquidation Distribution, then the amounts payable directly by the Trust on the Preferred Securities shall be paid on a Pro Rata (as defined below) basis in accordance with paragraph 9. The Holder of the Common Securities will be entitled to receive distributions upon any such liquidation Pro Rata with the Holders of the Preferred Securities, except as provided in paragraph 10.

4. Redemption and Distribution.

(a) Upon the repayment or payment of the Debentures in whole or in part, whether at maturity or upon redemption or otherwise (other than following any distribution of the Debentures to the Holders), the proceeds from such repayment or redemption shall be simultaneously applied to redeem, on a Pro Rata basis, a Like Amount of Securities, on the redemption date, in an amount per Security equal to the applicable redemption price, which redemption price will be equal to (i) the liquidation amount of each of the Securities plus any accrued and unpaid Distributions thereon (A) in the case of the repayment of the Debentures at stated maturity, or (B) in the case of a redemption of the Debentures in certain limited circumstances set forth in the Indenture upon the occurrence of a Tax Event or (ii) in the case of an Optional Redemption on or after November 15, 2003, the Optional Redemption Price (as defined in the Indenture), payable in cash (as applicable, the "Redemption Price"). Holders will be given not less than 20 nor more than 60 days' notice of such redemption. Upon the repayment of the Debentures at maturity or upon any acceleration, earlier redemption or otherwise, the proceeds from such repayment will be applied to redeem the Securities, in whole, upon not less than 30 nor more than 60 days' notice.

(b) If fewer than all the outstanding Securities are to be so redeemed, the Common Securities and the Preferred Securities will be redeemed Pro Rata and the Preferred Securities to be redeemed will be as described in Paragraph 4(f)(ii) below.

(c) The Sponsor, as the Holder of the outstanding Common Securities, shall have the right at any time (including, without limitation, upon the occurrence of a Tax Event or Investment Company Act Event) to dissolve the Trust and, after satisfaction of the creditors of the Trust, cause a Like Amount of the Debentures to be distributed to the Holders of the Securities upon liquidation of the Trust, provided that the Administrative Trustees shall have received a No Recognition Opinion (as defined below) prior to the dissolution of the Trust.

(d) If, at any time, a Tax Event shall occur and be continuing the Sponsor shall cause the Administrative Trustees to dissolve the Trust and, after satisfaction of creditors of the Trust (including, without limitation, by paying or making reasonable provision to pay all claims and obligations of the Trust in accordance with Section 3808(e) of the Business Trust Act), cause Debentures to be distributed to the Holders of the Securities in liquidation of the Trust within 90 days following the occurrence of such Tax Event (the "90 Day Period");

provided, however, that such dissolution and distribution shall be conditioned on (i) the Trustees' receipt of an opinion of a nationally recognized independent tax counsel (reasonably acceptable to the Trustees) experienced in such matters (a "No Recognition Opinion"), which opinion may rely on published revenue rulings of the Internal Revenue Service, to the effect that the Holders of the Securities will not recognize any income, gain or loss for United States federal income tax purposes as a result of such liquidation and distribution of Debentures, and (ii) the Sponsor being unable to avoid such Tax Event within the 90 day period by taking some ministerial action or pursuing some other reasonable measure that, in the sole judgment of the Sponsor, will have no adverse effect on the Trust, the Sponsor or the Holders of the Securities and will involve no material cost ("Ministerial Action").

If (i) the Sponsor has received an opinion (a "Redemption Tax Opinion") of a nationally recognized independent tax counsel (reasonably acceptable to the Trustees) experienced in such matters that, as a result of a Tax Event, there is more than an insubstantial risk that the Sponsor would be precluded from deducting the interest on the Debentures for United States federal income tax purposes, even after the Debentures were distributed to the Holders of Securities upon liquidation of the Trust as described in this paragraph 4(d), or (ii) the Trustees shall have been informed by such tax counsel that it cannot deliver a No Recognition Opinion, the Sponsor shall have the right, upon not less than 20 nor more than 60 days' notice, and within 90 days following the occurrence of such Tax Event, to redeem the Debentures in whole (but not in part) for cash, for the principal amount plus accrued and unpaid interest thereon and, following such redemption, all the Securities will be redeemed by the Trust at the liquidation amount of \$50 per Security plus accrued and unpaid Distributions thereon; provided, however, that, if at the time there is available to the Sponsor or the Trust the opportunity to eliminate, within the 90 Day Period, the Tax Event by taking some Ministerial Action, the Trust or the Sponsor will pursue such Ministerial Action in lieu of redemption.

In lieu of the foregoing options, the Company shall also have the option of causing the Securities to remain outstanding and pay Additional Sums on the Debentures.

"Tax Event" means that the Property Trustee shall have received an opinion of a nationally recognized independent tax counsel to the Sponsor (reasonably acceptable to the Trustees) experienced in such matters (a "Dissolution Tax Opinion") to the effect that, as a result of (i) any amendment to, or change (including any announced prospective change (which shall not include a proposed change), provided that a Tax Event shall not occur more than 90 days before the effective date of any such prospective change) in the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority therefor or therein, (ii) any judicial decision or official administrative pronouncement, ruling, regulatory procedure, notice or announcement, including any notice or announcement of intent to adopt such procedures or regulations (an "Administrative Action") or (iii) any amendment to or change in the administrative position or interpretation of any Administrative Action or judicial decision that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental agency or regulatory body, irrespective of the manner in which such amendment or change is made known, which amendment or change is effective or such Administrative Action or decision is announced, in each case, on or after the date of original issuance of the Debentures or the issue date of the Preferred Securities issued by the Trust, there is more than an insubstantial risk that (a) if the Debentures are held by the Property Trustee, (I) the Trust is, or will be within 90 days of the date of such opinion, subject to United States federal income tax with respect to interest accrued or received on the Debentures or subject to more than a de minimis amount of other taxes, duties or other governmental charges as determined by such counsel, or (II) any portion of interest payable by the Sponsor to the Trust on the Debentures is not, or within 90 days of the date of such opinion will not be, deductible by the Sponsor in whole or in part for United States federal income tax purposes or (b) with respect to Debentures which are no longer held by the Property Trustee, any portion of interest payable by the Sponsor on the Debentures is not, or within 90 days of the date of such opinion will not be, deductible by the Sponsor in whole or in part for United States federal income tax purposes.

If an Investment Company Event (as hereinafter defined) shall occur and be continuing, the Sponsor shall cause the Trustees to dissolve the Trust and, after satisfaction of liabilities of the creditors of the Trust as provided by applicable law (including, without limitation, by paying or making reasonable provision to pay all claims and obligations of the Trust in accordance with Section 3808(e) of the Business Trust Act), cause the Debentures to be distributed to the Holders of the Securities in liquidation of the Trust within 90 days following the occurrence of such Investment Company Event.

"Investment Company Event" means the occurrence of a change in law or regulation or a written change in interpretation or application of law or regulation by any legislative body, court, governmental agency or regulatory authority (a "Change in 1940 Act Law"), to the effect that the Trust is or will be considered an Investment Company which is required to be registered under the Investment Company Act, which Change in 1940 Act Law becomes effective on or after the date of the Offering Circular.

After the date fixed for any distribution of Debentures: (i) the Securities will no longer be deemed to be outstanding, (ii) the Depository or its nominee (or any successor Depository or its nominee), as record Holder of Preferred Securities represented by global certificates, will receive a registered global certificate or certificates representing the Debentures to be delivered upon such distribution and (iii) any certificates representing Securities, except for certificates representing Preferred Securities held by the Depository or its nominee (or any successor Depository or its nominee), will be deemed to represent Debentures having an aggregate principal amount equal to the aggregate stated liquidation amount of such Securities, with accrued and unpaid interest equal to accrued and unpaid Distributions on such Securities until such certificates are presented to the Sponsor or its agent for transfer

or reissuance.

(e) The Securities will not be redeemed unless all accrued and unpaid Distributions have been paid on all Securities for all quarterly Distribution periods terminating on or before the date of redemption.

(f) Redemption or Distribution Procedures.

(i) Notice of any redemption of, or notice of distribution of Debentures in exchange for the Securities (a "Redemption/Distribution Notice") will be given by an Administrative Trustee on behalf of the Trust by mail to each Holder of Securities to be redeemed or exchanged not fewer than 20 nor more than 60 days before the date fixed for redemption or exchange thereof which, in the case of a redemption, will be the date fixed for redemption of the Debentures. For purposes of the calculation of the date of redemption or exchange and the dates on which notices are given pursuant to this paragraph 4(f)(i), a Redemption/Distribution Notice shall be deemed to be given on the day such notice is first mailed by first-class mail, postage prepaid, to Holders of Securities. Each Redemption/Distribution Notice shall be addressed to the Holders of Securities at the address of each such Holder appearing in the books and records of the Trust. No defect in the Redemption/Distribution Notice or in the mailing of either thereof with respect to any Holder shall affect the validity of the redemption or exchange proceedings with respect to any other Holder.

(ii) In the event that fewer than all the outstanding Securities are to be redeemed, the Securities to be redeemed shall be redeemed Pro Rata from each Holder of Preferred Securities, it being understood that, in respect of Preferred Securities registered in the name of and held of record by the Depository (or any successor Depository) or any nominee, the distribution of the proceeds of such redemption will be made to each Participant (or Person on whose behalf such nominee holds such securities) in accordance with the procedures applied by such agency or nominee.

(iii) If Securities are to be redeemed and an Administrative Trustee on behalf of the Trust gives a Redemption/Distribution Notice, which notice may only be issued if the Debentures are redeemed as set out in this paragraph 4 (which notice will be irrevocable), then (A) with respect to Preferred Securities held in book-entry form, by 12:00 noon, New York City time, on the redemption date, to the extent funds are available, with respect to Preferred Securities held in global form, the Property Trustee will deposit irrevocably with the Depository (or successor Depository) funds sufficient to pay the amount payable on redemption with respect to such Preferred Securities and will give the Depository irrevocable instructions and authority to pay the amount payable on redemption to the Holders of such Preferred Securities, and (B) with respect to Preferred Securities issued in certificated form and Common Securities, to the extent funds are available, the Property Trustee will irrevocably deposit with the Paying Agent funds sufficient to pay the amount payable on redemption to the Holders of such Securities and will give the Paying Agent irrevocable instructions and authority to pay the amount payable on redemption to the Holders thereof upon surrender of their certificates. If a Redemption/Distribution Notice shall have been given and funds deposited as required, then on the date of such deposit, all rights of Holders of such Securities so called for redemption will cease, except the right of the Holders of such Securities to receive the redemption price, but without interest on such redemption price, and such Securities will cease to be outstanding. Neither the Administrative Trustees nor the Property Trustee shall be required to register or cause to be registered the transfer of any Securities that have been so called for redemption. If any date fixed for redemption of Securities is not a Business Day, then payment of the amount payable on such date will be made on the next succeeding day that is a Business Day (without any interest or other payment in respect of any such delay) except that, if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date fixed for redemption. If payment of the redemption price in respect of any Securities is improperly withheld or refused and not paid either by the Trust or by the Sponsor as guarantor pursuant to the relevant Securities Guarantee, Distributions on such Securities will continue to accrue at the then applicable rate, from the original redemption date to the date of payment, in which case the actual payment date will be considered the date fixed for redemption for purposes of calculating the amount payable upon redemption (other than for purposes of calculating any premium).

(iv) Redemption/Distribution Notices shall be sent by the Administrative Trustees on behalf of the Trust to (A) in the case of Preferred Securities held in book-entry form, the Depository and, in the case of Securities held in certificated form, the Holders of such certificates and (B) in respect of the Common Securities, the Holder thereof.

(v) Subject to the foregoing and applicable law (including, without limitation, United States federal securities laws), the Sponsor or any of its subsidiaries may at any time and from time to time purchase outstanding Preferred Securities by tender, in the open market or by private agreement.

5. Conversion Rights.

The Holders of Securities shall have the right at any time prior to 5:00 p.m. New York City Time on the Business Day immediately preceding the

earlier of November 15, 2030 and the date fixed for redemption of the Securities, at their option, to cause the Conversion Agent to convert Securities, on behalf of the converting Holders, into shares of Class B Common Stock, par value \$.01 per share, of the Sponsor (including any class or classes of shares resulting from any reclassification or reclassifications thereof, the "Class B Common Stock") in the manner described herein on and subject to the following terms and conditions:

(a) The Securities will be convertible at the office of the Conversion Agent into fully paid and nonassessable shares of Class B Common Stock pursuant to the Holder's direction to the Conversion Agent to exchange such Securities for a portion of the Debentures theretofore held by the Trust on the basis of one Security per \$50 principal amount of Debentures, and immediately convert such amount of Debentures into fully paid and nonassessable shares of Class B Common Stock at an initial conversion price of \$60 per share of Class B Common Stock per \$50 principal amount of Debentures (which is equivalent to an initial conversion ratio of approximately 0.8333 shares of Class B Common Stock per \$50 principal amount of Debentures), subject to certain adjustments set forth in the Indenture.

(b) In order to convert Securities into Class B Common Stock the Holder shall submit to the Conversion Agent at the office referred to above an irrevocable request to convert Securities on behalf of such Holder (the "Conversion Request"), together, if the Securities are in certificated form, with such certificates. The Conversion Request shall (i) set forth the number of Securities to be converted and the name or names, if other than the Holder, in which the shares of Class B Common Stock should be issued and (ii) direct the Conversion Agent (a) to exchange such Securities for a portion of the Debentures held by the Trust (at the price specified in the preceding paragraph) and (b) to immediately convert such Debentures on behalf of such Holder, into Class B Common Stock (at the conversion price specified in the preceding paragraph). The Conversion Agent shall notify the Trust of the Holder's election to exchange Securities for a portion of the Debentures held by the Trust and the Trust shall, upon receipt of such notice, deliver to the Conversion Agent the appropriate principal amount of Debentures for exchange in accordance with this Section. The Conversion Agent shall thereupon notify the Sponsor of the Holder's election to convert such Debentures into shares of Class B Common Stock. Holders of Securities at the close of business on a Distribution record date will be entitled to receive the Distribution payable on such Securities on the corresponding Distribution payment date notwithstanding the conversion of such Securities following such record date but prior to such distribution payment date. Except as provided above, neither the Trust nor the Sponsor will make, or be required to make, any payment, allowance or adjustment upon any conversion on account of any accumulated and unpaid Distributions accrued on the Securities, whether or not in arrears, (including any Additional Amounts accrued thereon) surrendered for conversion, or on account of any accumulated and unpaid dividends on the shares of Class B Common Stock issued upon such conversion, except to the extent that such shares are held of record on the record date for any such distributions. Securities shall be deemed to have been converted immediately prior to the close of business on the day on which a Notice of Conversion relating to such Securities is received by the Trust in accordance with the foregoing provision (the "Conversion Date"). The Person or Persons entitled to receive the Class B Common Stock issuable upon conversion of the Debentures shall be treated for all purposes as the record holder or holders of such Class B Common Stock at such time. As promptly as practicable on or after the Conversion Date, the Sponsor shall issue and deliver at the office of the Conversion Agent a certificate or certificates for the number of full shares of Class B Common Stock issuable upon such conversion, together with the cash payment, if any, in lieu of any fraction of any share to the Person or Persons entitled to receive the same, unless otherwise directed by the Holder in the notice of conversion and the Conversion Agent shall distribute such certificate or certificates to such Person or Persons.

(c) Each Holder of a Security by his acceptance thereof appoints Wilmington Trust Company "Conversion Agent" for the purpose of effecting the conversion of Securities in accordance with this Section. In effecting the conversion and transactions described in this Section, the Conversion Agent shall be acting as agent of the Holders of Securities directing it to effect such conversion transactions. The Conversion Agent is hereby authorized (i) to exchange Securities from time to time for Debentures held by the Trust in connection with the conversion of such Securities in accordance with this Section and (ii) to convert all or a portion of the Debentures into Class B Common Stock and thereupon to deliver such shares of Class B Common Stock in accordance with the provisions of this Section and to deliver to the Trust a new Debenture or Debentures for any resulting unconverted principal amount.

(d) No fractional shares of Class B Common Stock will be issued as a result of conversion, but in lieu thereof, such fractional interest will be paid in cash by the Sponsor to the Trust, which in turn will make such payment to the Holder or Holders of Securities so converted.

(e) The Sponsor shall at all times reserve and keep available out of its authorized and unissued Class B Common Stock, solely for issuance upon the conversion of the Debentures, free from any preemptive or other similar rights, such number of shares of Class B Common Stock as shall from time to time be issuable upon the conversion of all the Debentures then outstanding. Notwithstanding the foregoing, the Sponsor shall be entitled to deliver upon conversion of Debentures, shares of Class B Common Stock reacquired and held in the treasury of the Sponsor (in lieu of the issuance of authorized and unissued shares of Class B Common Stock), so long as any such treasury shares are free and clear of all liens, charges, security interests or encumbrances. Any shares of Class B Common Stock issued upon conversion of the Debentures shall be duly authorized, validly issued and fully paid and nonassessable. The Trust shall deliver the shares of Class B Common Stock received upon conversion of the Debentures to the converting Holder free and clear of all liens, charges, security interests and encumbrances, except for United States withholding taxes. Each of the Sponsor and the Trust shall prepare and shall use its best efforts to obtain and keep in force such governmental or regulatory permits or other

authorizations as may be required by law, and shall comply with all applicable requirements as to registration or qualification of the Class B Common Stock (and all requirements to list the Class B Common Stock issuable upon conversion of Debentures that are at the time applicable), in order to enable the Sponsor to lawfully issue Class B Common Stock upon conversion of the Debentures and to lawfully deliver the Class B Common Stock to each Holder upon conversion of the Securities.

(f) The Sponsor will pay any and all taxes that may be payable in respect of the issue or delivery of shares of Class B Common Stock on conversion of Debentures and the delivery of the shares of Class B Common Stock upon conversion of the Securities. The Sponsor shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares of Class B Common Stock in a name other than that in which the Securities so converted were registered, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Sponsor the amount of any such tax, or has established to the satisfaction of the Sponsor that such tax has been paid.

(g) Nothing in the preceding Paragraph (f) shall limit the requirement of the Trust to withhold taxes pursuant to the terms of the Securities set forth in this Annex I to the Declaration or in the Declaration itself or otherwise require the Property Trustee or the Trust to pay any amounts on account of such withholdings.

6. Voting Rights--Preferred Securities.

(a) Except as provided under paragraphs 6(b) and 8, in the Business Trust Act and as otherwise required by law, the Declaration and the Indenture, the Holders of the Preferred Securities will have no voting rights.

(b) In addition to the rights of the Holders of the Preferred Securities with respect to the enforcement of payment of principal and interest on the Debentures set forth herein, in the Declaration or in the Indenture, if (i) a Debenture Event of Default occurs and is continuing or (ii) the Company defaults under the Guarantee (each of (i) and (ii) being an "Appointment Event"), then the Holders of the Preferred Securities, acting as a single class, will be entitled by the vote of a Majority in liquidation amount of the Preferred Securities to appoint a Special Trustee in accordance with Section 5.06(a)(ii)(B) of the Declaration. Any Holder of Preferred Securities (other than the Sponsor, or any entity directly or indirectly controlling or controlled by or under direct or indirect common control with the Sponsor) will be entitled to nominate any Person to be appointed as Special Trustee. Not later than 30 days after such right to appoint a Special Trustee arises, the Trustees will convene a meeting for the purpose of appointing a Special Trustee. If the Trustees fail to convene such meeting within such 30-day period, the Holders of not less than 10% in aggregate liquidation amount of the Preferred Securities will be entitled to convene such meeting in accordance with Section 12.02 of the Declaration. The record date for such meeting will be the close of business on the Business Day that is one Business Day before the day on which notice of the meeting is sent to the Holders. The provisions of the Declaration relating to the convening and conduct of the meetings of the Holders will apply with respect to any such meeting.

Any Special Trustee so appointed shall cease to be a Special Trustee if the Appointment Event pursuant to which the Special Trustee was appointed and all other Appointment Events cease to be continuing. A Special Trustee may be removed without cause at any time by vote of the Holders of a Majority in liquidation amount of the Preferred Securities at a meeting of the Holders of the Preferred Securities or by written consent in accordance with Section 5.06(a)(ii)(B) of the Declaration. The Holders of 10% in liquidation amount of the Preferred Securities will be entitled to convene such a meeting in accordance with Section 12.02 of the Declaration. The record date for such meeting will be the close of business on the Business Day which is one Business Day before the day on which the notice of meeting is sent to Holders. Notwithstanding the appointment of a Special Trustee, the Sponsor shall retain all rights under the Indenture, including the right to defer payments of interest by extending the interest payment period on the Debentures.

Subject to the requirements set forth in this paragraph, the Holders of a majority in liquidation amount of the Preferred Securities, voting separately as a class may, and the Trustees shall not, without obtaining the prior approval of the Holders of a Majority in aggregate liquidation amount of all outstanding Preferred Securities (i) direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee under the Indenture, or executing any trust or power conferred upon the Property Trustee with respect to the Debentures, (ii) waive any past default and its consequences that is waivable under Section 5.13 of the Indenture or otherwise, (iii) exercise any right to rescind or annul a declaration that the principal of all the Debentures shall be due and payable or (iv) consent to any amendment, modification or termination of the Indenture or the Debentures, where such consent shall be required, provided, however, that, where a consent under the Indenture would require the consent or act of the Holders of greater than a majority of the Holders in principal amount of Debentures affected thereby (a "Super Majority"), the Property Trustee may only give such consent or take such action at the direction of the Holders of at least the proportion in liquidation preference of the Preferred Securities which the relevant Super Majority represents of the aggregate principal amount of the Debentures outstanding. The Property Trustee shall not, and none of the other Trustees shall in any event, revoke any action previously authorized or approved by a vote of the Holders of the Preferred Securities, except by a subsequent vote of the Holders of the Preferred Securities. Other than with respect to directing the time, method and place of conducting any remedy available to the Property Trustee or the Debenture Trustee as set forth above, the Property Trustee shall not take any action in accordance with the directions of the Holders of the Preferred Securities under this paragraph unless the Property Trustee has obtained an opinion of tax counsel to the effect that, as a result of such action, the Trust will not fail to be classified as a grantor trust for United States federal income tax purposes.

If a Declaration Event of Default has occurred and is continuing and such event is attributable to the failure of the Debenture Issuer to pay interest or principal on the Debentures on the date such interest or principal is otherwise payable (or in the case of redemption on the redemption date), then a Holder of Preferred Securities may directly institute a proceeding for enforcement of payment to such Holder (a "Direct Action") of the principal of or interest on the Debentures having a principal amount equal to the aggregate liquidation amount of the Preferred Securities of such Holder on or after the respective due date specified in the Debentures. Except as provided in the preceding sentence, the Holders of Preferred Securities will not be able to exercise directly any other remedy available to the Holders of the Debentures. In connection with any Direct Action, the Debenture Issuer will be subrogated to the rights of such Holder of Preferred Securities under the Declaration to the extent of any payment made by the Debenture Issuer to such Holder of Preferred Securities in such Direct Action.

Any approval or direction of Holders of Preferred Securities may be given at a separate meeting of Holders of Preferred Securities convened for such purpose, at a meeting of all of the Holders of Securities in the Trust or without notice pursuant to written consent. The Administrative Trustees will cause a notice of any meeting at which Holders of Preferred Securities are entitled to vote, to be mailed to each Holder of record of Preferred Securities. Each such notice will include a statement setting forth the following information (i) the date of such meeting, (ii) a description of any resolution proposed for adoption at such meeting on which such Holders are entitled to vote and (iii) instructions for the delivery of proxies.

No vote or consent of the Holders of the Preferred Securities will be required for the Trust to redeem and cancel Preferred Securities or to distribute the Debentures in accordance with the Declaration and the terms of the Securities.

Notwithstanding that Holders of Preferred Securities are entitled to vote or consent under any of the circumstances described above, any of the Preferred Securities that are owned by the Sponsor or any Affiliate of the Sponsor shall not be entitled to vote or consent and shall, for purposes of such vote or consent, be treated as if they were not outstanding.

7. Voting Rights--Common Securities.

(a) Except as provided under paragraphs 7(b), (c) and 8, in the Business Trust Act and as otherwise required by law and the Declaration, the Holders of the Common Securities will have no voting rights.

(b) The Holders of the Common Securities are entitled, in accordance with Article V of the Declaration, to vote to appoint, remove or replace any Trustee, subject to the exclusive right of the Holders of the Preferred Securities to appoint, remove or replace a Special Trustee.

(c) Subject to Section 2.06 of the Declaration and only after the Event of Default with respect to the Preferred Securities has been cured, waived, or otherwise eliminated and subject to the requirements of the second to last sentence of this paragraph, the Holders of a Majority in liquidation amount of the Common Securities, voting separately as a class, may direct the time, method, and place of conducting any proceeding for any remedy available to the Property Trustee, or exercising any trust or power conferred upon the Property Trustee under the Declaration, including (i) directing the time, method, place of conducting any proceeding for any remedy available to the Debenture Trustee, or exercising any trust or power conferred on the Debenture Trustee with respect to the Debentures, (ii) waive any past default and its consequences that is waivable under Section 5.13 of the Indenture, or (iii) exercise any right to rescind or annul a declaration that the principal of all the Debentures shall be due and payable, provided that, where a consent or action under the Indenture would require the consent or act of the Holders of greater than a majority in principal amount of Debentures affected thereby (a "Super Majority"), the Property Trustee may only give such consent or take such action at the direction of the Holders of at least the proportion in liquidation amount of the Common Securities which the relevant Super Majority represents of the aggregate principal amount of the Debentures outstanding. Pursuant to this paragraph 7(c), the Property Trustee shall not revoke any action previously authorized or approved by a vote of the Holders of the Preferred Securities, except by a subsequent vote of the Holders of the Preferred Securities. Other than with respect to directing the time, method and place of conducting any remedy available to the Property Trustee or the Debenture Trustee as set forth above, the Property Trustee shall not take any action in accordance with the directions of the Holders of the Common Securities under this paragraph unless the Property Trustee has obtained an opinion of tax counsel to the effect that, as a result of such action the Trust will not fail to be classified as a grantor trust for United States federal income tax purposes. If the Property Trustee fails to enforce its rights, as holder of the Debentures, under the Indenture, any Holder of Common Securities may, to the fullest extent permitted by law and after a period of 30 days has elapsed from such Holder's written request to the Property Trustee to enforce such rights, institute a legal proceeding directly against the Sponsor, to enforce the Property Trustee's rights, as holder of the Debentures, under the Indenture, without first instituting any legal proceeding against the Property Trustee or any other Person.

Any approval or direction of Holders of Common Securities may be given at a separate meeting of Holders of Common Securities convened for such purpose, at a meeting of all of the Holders of Securities in the Trust or without notice pursuant to written consent. The Administrative Trustees will cause a notice of any meeting at which Holders of Common Securities are entitled to vote, to be mailed to each Holder of record of Common Securities. Each such notice will include a statement setting forth (i) the date of such meeting, (ii) a description of any resolution proposed for adoption at such meeting on which such Holders are entitled to vote and (iii) instructions for the delivery of proxies.

No vote or consent of the Holders of the Common Securities will be required for the Trust to redeem and cancel Common Securities or to distribute the Debentures in accordance with the Declaration and the terms of the Securities.

8. Amendments to Declaration and Indenture.

(a) In addition to any requirements under Section 12.01 of the Declaration, if any proposed amendment to the Declaration provides for, or the Administrative Trustees otherwise propose to effect, (i) any action that would adversely affect the powers, preferences or rights of the Securities, whether by way of amendment to the Declaration or otherwise, or (ii) the dissolution, winding-up or termination of the Trust, other than as described in Section 8.01 of the Declaration, then the Holders of outstanding Securities will be entitled to vote on such amendment or proposal (but not on any other amendment or proposal) and such amendment or proposal shall not be effective except with the approval of the Holders of at least a Majority in liquidation amount of the Securities, voting together as a single class, provided, however, that, the rights of Holders of Preferred Securities under Article V of the Declaration to appoint, remove or replace a Special Trustee shall not be amended without the consent of each Holder of Preferred Securities; and provided further that if any amendment or proposal referred to in clause (i) above would adversely affect only the Preferred Securities or only the Common Securities, then only the affected class will be entitled to vote on such amendment or proposal and such amendment or proposal shall not be effective except with the approval of at least a Majority in liquidation amount of such class of Securities.

(b) In the event the consent of the Property Trustee as the holder of the Debentures is required under the Indenture with respect to any amendment, modification or termination of the Indenture or the Debentures, the Property Trustee shall request the direction of the Holders of the Securities with respect to such amendment, modification or termination and shall vote with respect to such amendment, modification or termination as directed by at least the same proportion in aggregate stated liquidation preference of the Securities; provided, however, that the Property Trustee shall not take any action in accordance with the directions of the Holders of the Securities under this paragraph 8(b) unless the Property Trustee has obtained an opinion of tax counsel to the effect that for the purposes of United States federal income tax the Trust will not be classified as other than a grantor trust on account of such action.

9. Pro Rata.

A reference in these terms of the Securities to any payment, Distribution or treatment as being "Pro Rata" shall mean pro rata to each Holder of Securities according to the aggregate liquidation amount of the Securities held by the relevant Holder in relation to the aggregate liquidation amount of all Securities outstanding unless, on any Distribution Date or redemption date an Event of Default under the Declaration has occurred and is continuing, in which case no payment of any Distribution on, or amount payable upon redemption of, any Common Security, and no other payment on account of the redemption, liquidation or other acquisition of Common Securities, shall be made unless payment in full in cash of all accumulated and unpaid Distributions on all outstanding Preferred Securities for all Distribution periods terminating on or prior thereto, or in the case of payment of the amount payable upon redemption of the Preferred Securities, the full amount of such amount in respect of all outstanding Preferred Securities shall have been made or provided for, and all funds available to the Property Trustee shall first be applied to the payment in full in cash of all Distributions on, or the amount payable upon redemption of Preferred Securities then due and payable.

10. Ranking.

The Preferred Securities rank pari passu and payment thereon shall be made Pro Rata with the Common Securities except that, where an Event of Default occurs and is continuing under the Indenture in respect of the Debentures held by the Property Trustee, the rights of Holders of the Common Securities to payment in respect of Distributions and payments upon liquidation, redemption and otherwise are subordinated to the rights to payment of the Holders of the Preferred Securities.

11. Acceptance of Securities Guarantees and Indenture.

Each Holder of Preferred Securities and Common Securities, by the acceptance thereof, agrees to the provisions of the Preferred Securities Guarantee and the Common Securities Guarantee, respectively, including the subordination provisions therein and to the provisions of the Indenture which are incorporated by reference herein and which include, among other things, provisions relating to certain rights of the Holders of the Preferred Securities all as set forth therein.

12. No Preemptive Rights.

The Holders of the Securities shall have no preemptive or similar rights to subscribe for any additional securities.

13. Miscellaneous.

These terms constitute a part of the Declaration.

The Sponsor will provide a copy of the Declaration, the Preferred Securities Guarantee or the Common Securities Guarantee (as may be appropriate), and the Indenture to a Holder without charge on written request to the Sponsor at its principal place of business.

FORM OF PREFERRED SECURITY

[FORM OF FACE OF SECURITY]

[Include the following Restricted Securities Legend on all Restricted Preferred Securities, including Rule 144A Global Preferred Securities, unless otherwise determined by the Sponsor in accordance with applicable law--

THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS SECURITY AND ANY CONVERTIBLE JUNIOR SUBORDINATED DEBENTURES (THE "DEBENTURES") ISSUED UPON EXCHANGE FOR THIS SECURITY AND ANY CLASS B COMMON STOCK ISSUABLE UPON CONVERSION THEREOF MAY NOT BE OFFERED, SOLD, PLEDGED, ENCUMBERED OR OTHERWISE TRANSFERRED OR DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES FOR THE BENEFIT OF CONTINENTAL AIRLINES, INC. (THE "COMPANY") AND THE TRUST THAT (A) THIS SECURITY AND ANY DEBENTURES ISSUABLE UPON EXCHANGE THEREOF AND ANY CLASS B COMMON STOCK ISSUABLE UPON CONVERSION THEREOF MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (i) TO THE COMPANY, (ii) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (iii) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (iv) PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (v) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (i) THROUGH (v) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER REPRESENTS THAT IT (1) IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, IS AWARE THAT THE SALE TO IT IS BEING MADE IN RELIANCE ON RULE 144A AND IS ACQUIRING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT OR (2) ACQUIRED SUCH SECURITY IN A TRANSACTION THAT DID NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT]

[Include on Preferred Security, unless otherwise determined by the Sponsor in accordance with applicable law--

BY ITS PURCHASE HEREOF OR ANY INTEREST THEREIN, THE PURCHASER THEREOF WILL BE DEEMED TO HAVE REPRESENTED EITHER THAT (A) IT IS NOT A PLAN OR OTHER ENTITY WHOSE UNDERLYING ASSETS ARE SUBJECT TO ERISA AND/OR SECTION 4975 OF THE CODE, OR A GOVERNMENTAL OR CHURCH PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR (B) ITS PURCHASE AND HOLDING OF A TIDES WILL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL OR CHURCH PLAN, A VIOLATION OF ANY SUBSTANTIALLY SIMILAR FEDERAL, STATE OR LOCAL LAW). FURTHER, THE FIDUCIARIES OF ANY PLAN OR PLAN ASSETS ENTITY WHICH MAY PURCHASE OR HOLD THESE SECURITIES WILL BE DEEMED AS A RESULT OF SUCH ACQUISITION OR HOLDING TO HAVE (A) DIRECTED THE TRUST TO INVEST IN THE DEBENTURES, (B) AUTHORIZED AND DIRECTED ANY OF THE ACTIONS TAKEN OR WHICH MAY BE TAKEN WITH RESPECT TO THE TRUST, THE DEBENTURES AND THESE SECURITIES BY ANY OF THE TRUSTEES, THE DEBENTURE TRUSTEE, THE GUARANTEE TRUSTEE OR US AS CONTEMPLATED BY THE INDENTURE, THE DEBENTURES OR THE GUARANTEE AND (C) TO HAVE APPOINTED THE TRUSTEES.]

[Include if Preferred Security is in global form and

The Depository Trust Company is the Depository--

THIS SECURITY IS A PREFERRED GLOBAL SECURITY WITHIN THE MEANING OF THE DECLARATION HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY (THE "DEPOSITORY" OR "DTC") OR A NOMINEE OF THE DEPOSITORY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE DECLARATION AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (55 WATER STREET, NEW YORK, NEW YORK), TO THE TRUST OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

[Include if Preferred Security is in global form--

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE DECLARATION REFERRED TO BELOW.]

Certificate Number P-1
Number of Preferred Securities _____
CUSIP NO. 270-796-207
Preferred Securities of
Continental Airlines Finance Trust II

6% Convertible Preferred Securities
Term Income Deferrable Equity Securities (TIDES)SM*
(liquidation amount \$50 per Convertible Preferred Security)

Continental Airlines Finance Trust II, a statutory business trust created under the laws of the State of Delaware (the "Trust"), hereby certifies that

(the "Holder")

is the registered owner of preferred securities of the Trust representing undivided beneficial interests in the assets of the Trust designated the 6% Convertible Preferred Securities, Term Income Deferrable Equity Securities (TIDESSM)* (liquidation amount \$50 per Convertible Preferred Security) (the "Preferred Securities"). Subject to the terms of the Declaration (as defined below), the Preferred Securities are transferable on the books and records of the Trust, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The designation, rights, privileges, restrictions, preferences and other terms and provisions of the Preferred Securities represented hereby are issued and shall in all respects be subject to the provisions of the Amended and Restated Declaration of Trust of the Trust dated as of November 10, 2000, as the same may be amended from time to time (the "Declaration"), including the designation of the terms of the Preferred Securities as set forth in Annex I to the Declaration. Capitalized terms used herein but not defined shall have the meaning given them in the Declaration. The Holder is entitled to the benefits of the Preferred Securities Guarantee to the extent provided therein. The Sponsor will provide a copy of the Declaration, the Preferred Securities Guarantee and the Indenture to a Holder without charge upon written request to the Trust at its principal place of business.

Reference is hereby made to select provisions of the Preferred Securities set forth on the reverse hereof, which select provisions shall for all purposes have the same effect as if set forth at this place.

Upon receipt of this certificate, the Holder is bound by the Declaration and is entitled to the benefits thereunder.

By acceptance, the Holder agrees to treat, for United States federal income tax purposes, the Debentures as indebtedness and the Preferred Securities as evidence of indirect beneficial ownership in the Debentures.

* The terms Term Income Deferrable Equity Securities (TIDES)" and TIDES" are registered servicemarks of Credit Suisse First Boston Corporation.

Unless the Property Trustee's Certificate of Authentication hereon has been properly executed, these Preferred Securities shall not be entitled to any benefit under the Declaration or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Trust has executed this certificate this
_____ day of _____.

Continental Airlines Finance Trust II

By: _____
Name:
Title:

PROPERTY TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Preferred Securities referred to in the within-mentioned Declaration.

Dated:

Wilmington Trust Company,
as Property Trustee

By: -----

Authorized Signature

[FORM OF REVERSE OF SECURITY]

Distributions payable on each Preferred Security will be fixed at a rate per annum of 6% (the "Coupon Rate") of the stated liquidation amount of \$50 per Preferred Security, such rate being the rate of interest payable on the Debentures to be held by the Property Trustee. Distributions in arrears for more than one quarter will bear interest thereon compounded quarterly at the Coupon Rate (to the extent permitted by applicable law). The term "Distributions" as used herein includes such quarterly distributions, additional distributions on quarterly distributions not paid on the applicable Distribution Date, Special Distributions and Additional Sums, as applicable. A Distribution is payable only to the extent that payments are made in respect of the Debentures held by the Property Trustee and to the extent the Property Trustee has funds available therefor. The amount of Distributions payable for any period will be computed for any full quarterly Distribution period on the basis of a 360-day year of twelve 30-day months, and for any period shorter than a full quarterly Distribution period for which Distributions are computed, Distributions will be computed on the basis of the actual number of days elapsed per 30-day month.

Except as otherwise described below, Distributions on the Preferred Securities will be cumulative, will accrue from the date of their original issuance and will be payable quarterly in arrears, on February 15, May 15, August 15 and November 15 of each year, commencing on February 15, 2001, to Holders of record at the close of business on the 1st day of the month of the applicable payment date, which payment dates shall correspond to the interest payment dates (each an "Interest Payment Date") on the Debentures. The Debenture Issuer has the right under the Indenture to defer payments of interest by extending the interest payment period from time to time on the Debentures for a period not exceeding 20 consecutive quarters (each a "Deferral Period") and, as a consequence of such deferral, Distributions will also be deferred. Despite such deferral, quarterly Distributions will continue to accrue with interest thereon (to the extent permitted by applicable law) at the Coupon Rate compounded quarterly during any such Deferral Period. Prior to the termination of any such Deferral Period, the Debenture Issuer may further extend such Deferral Period; provided that such Deferral Period together with all such previous and further deferrals thereof may not exceed 20 consecutive quarters or extend beyond the maturity (whether at the stated maturity or by declaration of acceleration, call for redemption or otherwise) of the Debentures under the Indenture. Payments of accrued Distributions will be payable on an Interest Payment Date elected by the Company to Holders as they appear on the books and records of the Trust on the record date fixed for such Interest Payment Date. Upon the termination of any Deferral Period and the payment of all amounts then due, the Debenture Issuer may commence a new Deferral Period, subject to the above requirements.

The Preferred Securities shall be redeemable as provided in the Declaration.

The Preferred Securities shall be convertible into shares of Class B Common Stock, through (i) the exchange of Preferred Securities for a portion of the Debentures and (ii) the immediate conversion of such Debentures into Class B Common Stock, in the manner and according to the terms set forth in the Declaration.

CONVERSION REQUEST

To: Wilmington Trust Company
as Property Trustee of
Continental Airlines Finance Trust II

The undersigned owner of these Preferred Securities hereby irrevocably exercises the option to convert these Preferred Securities, or the portion below designated, into Class B Common Stock of Continental Airlines, Inc. (including any class or classes of shares resulting from any reclassification or reclassifications thereof, the "Class B Common Stock") in accordance with the terms of the Amended and Restated Declaration of Trust (the "Declaration"), dated as of November 10, 2000, by Lawrence W. Kellner and Gerald Laderman, as Administrative Trustees, Wilmington Trust Company, as Delaware Trustee, Wilmington Trust Company, as Property Trustee, Continental Airlines, Inc., as Sponsor, and by the Holders, from time to time, of undivided beneficial interests in the Trust to be issued pursuant to the Declaration. Pursuant to the aforementioned exercise of the option to convert these Preferred Securities, the undersigned hereby directs the Conversion Agent (as that term is defined in the Declaration) to (i) exchange such Preferred Securities for a portion of the Debentures (as that term is defined in the Declaration) held by the Trust (at the rate of exchange specified in the terms of the Preferred Securities set forth as Annex I to the Declaration) and (ii) immediately convert such Debentures on behalf of the undersigned, into Class B Common Stock (at the conversion rate specified in the terms of the Preferred Securities set forth as Annex I to the Declaration).

The undersigned does also hereby direct the Conversion Agent that the shares issuable and deliverable upon conversion, together with any check in payment for fractional shares, be issued in the name of and delivered to the undersigned, unless a different name has been indicated in the assignment below. If shares are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto.

Any holder, upon the exercise of its conversion rights in accordance with the terms of the Declaration and the Preferred Securities, agrees to be bound by the terms of the Registration Rights Agreement relating to the Class B Common Stock issuable upon conversion of the Preferred Securities.

Date:

in whole _____ in part _____

Number of Preferred Securities to be converted: _____

If a name or names other than the undersigned, please indicate in the spaces below the name or names in which the shares of Class B Common Stock are to be issued, along with the address or addresses of such person or persons:

Signature (for conversion only)

Please Print or Typewrite Name and Address, Including Zip Code, and Social Security or Other Identifying Number:

Signature Guarantee:*

* (Signature must be guaranteed by an "eligible guarantor institution" that is, a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Registrar, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers this Preferred Security to:

(Insert assignee's social security or tax identification number)

(Insert address and zip code of assignee)

and irrevocably appoints

agent to transfer this Preferred Security on the books of the Trust. The agent may substitute another to act for him or her.

Date:

Signature: _____

(Sign exactly as your name appears on the other side of this Preferred Security Certificate) Signature Guarantee:*

* (Signature must be guaranteed by an "eligible guarantor institution" that is, a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Registrar, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.) *(Signature must be guaranteed by an "eligible guarantor institution" that is, a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Registrar, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

CERTIFICATE TO BE DELIVERED UPON EXCHANGE OR REGISTRATION OF RESTRICTED
PREFERRED SECURITIES

This certificate relates to _____ Preferred Securities held in (check applicable space) _____ book-entry or _____ definitive form by the undersigned.

(A) The undersigned (check one box below):

has requested the Property Trustee by written order to deliver in exchange for its beneficial interest in the Rule 144A Global Preferred Security held by the Depository a Preferred Security or Preferred Securities in definitive, registered form in such number equal to its beneficial interest in such Rule 144A Global Preferred Security (or the number thereof indicated above); or

has requested the Property Trustee by written order to exchange its Preferred Security in definitive registered form for an interest in the Rule 144A Global Preferred Security held by the Depository in such number equal to number of Preferred Securities in definitive registered form so held; or

has requested the Property Trustee by written order to exchange or register the transfer of a Preferred Security or Preferred Securities.

(B) The undersigned confirms that such Securities are being (check one box below):

(1) acquired for the undersigned's own account, without transfer (in satisfaction of Section 9.02(d)(ii)(A) of the Declaration); or

(2) transferred pursuant to and in compliance with Rule 144A under the Securities Act of 1933; or

(3) transferred pursuant to Rule 144 of the Securities Act of 1933; or

(4) transferred pursuant to an effective registration statement under the Securities Act.

Unless one of the boxes in (B) above is checked, the Property Trustee will refuse to register any of the Preferred Securities evidenced by this certificate in the name of any person other than the registered Holder thereof; provided, however, that if box (3) or (4) is checked, the Property Trustee may require, prior to registering any such transfer of the Preferred Securities such legal opinions, certifications and other information as the Trust has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, such as the exemption provided by Rule 144 under such Act.

Signature

Signature Guarantee:*

Signature must be guaranteed Signature

Signature

TO BE COMPLETED BY PURCHASER IF (2) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing these Preferred Securities for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Trust as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: -----

NOTICE: To be executed by an executive officer

- - - - -
* (Signature must be guaranteed by an "eligible guarantor institution" that is, a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Registrar, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

FORM OF COMMON SECURITY

[FORM OF FACE OF SECURITY]

[THIS COMMON SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION OR AN EFFECTIVE REGISTRATION STATEMENT.]

[OTHER THAN AS PROVIDED IN THE DECLARATION (AS DEFINED HEREIN), THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT TO A RELATED PARTY (AS DEFINED IN THE DECLARATION) OF CONTINENTAL AIRLINES FINANCE TRUST II.]

Certificate Number C-1
Number of Common Securities _____
Common Securities
of
Continental Airlines Finance Trust II

6% Convertible Common Securities
(liquidation amount \$50 per Convertible Common Security)

Continental Airlines Finance Trust II, a statutory business trust created under the laws of the State of Delaware (the "Trust"), hereby certifies that

(the "Holder") is the registered owner of common securities of the Trust representing undivided beneficial interests in the assets of the Trust designated the 6% Convertible Common Securities (liquidation amount \$50 per Convertible Common Security) (the "Common Securities"). Subject to the terms of the Declaration (as defined below), the Common Securities are transferable on the books and records of the Trust, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The designation, rights, privileges, restrictions, preferences and other terms and provisions of the Common Securities represented hereby are issued and shall in all respects be subject to the provisions of the Amended and Restated Declaration of Trust of the Trust dated as of November 10, 2000, as the same may be amended from time to time (the "Declaration"), including the designation of the terms of the Common Securities as set forth in Annex I to the Declaration. Capitalized terms used herein but not defined shall have the meaning given them in the Declaration. The Holder is entitled to the benefits of the Common Securities Guarantee to the extent provided therein. The Sponsor will provide a copy of the Declaration, the Common Securities Guarantee and the Indenture to a Holder without charge upon written request to the Sponsor at its principal place of business.

Reference is hereby made to select provisions of the Common Securities set forth on the reverse hereof, which select provisions shall for all purposes have the same effect as if set forth at this place.

Upon receipt of this certificate, the Sponsor is bound by the Declaration and is entitled to the benefits thereunder.

By acceptance, the Holder agrees to treat for United States federal income tax purposes the Debentures as indebtedness and the Common Securities as evidence of indirect beneficial ownership in the Debentures.

IN WITNESS WHEREOF, the Trust has executed this certificate this _____ day of _____.

Continental Airlines Finance Trust II

By: _____
solely in his capacity as trustee and
not in his individual capacity

[FORM OF REVERSE OF SECURITY]

Distributions payable on each Common Security will be fixed at a rate per annum of 6% (the "Coupon Rate") of the stated liquidation amount of \$50 per Common Security, such rate being the rate of interest payable on the Debentures to be held by the Property Trustee. Distributions in arrears for more than one quarter will bear interest thereon compounded quarterly at the Coupon Rate (to the extent permitted by applicable law). The term "Distributions" as used herein includes quarterly distributions, additional distributions on quarterly distributions not paid on the applicable Distribution Date, Special Distributions and Additional Sums, as applicable. A Distribution is payable only to the extent that payments are made in respect of the Debentures held by the Property Trustee and to the extent the Property Trustee has funds available therefor. The amount of Distributions payable for any period will be computed for any full quarterly Distribution period on the basis of a 360-day year of twelve 30-day months, and for any period shorter than a full quarterly Distribution period for which Distributions are computed, Distributions will be computed on the basis of the actual number of days elapsed per 30-day month.

Except as otherwise described below, Distributions on the Common Securities will be cumulative, will accrue from the date of their original issuance and will be payable quarterly in arrears, on February 15, May 15, August 15 and November 15 of each year, commencing on February 15, 2001, to Holders of record one (1) day prior to such payment dates, which payment dates shall correspond to the interest payment dates (each, an "Interest Payment Date") on the Debentures. The Debenture Issuer has the right under the Indenture to defer payments of interest by extending the interest payment period from time to time on the Debentures for a period not exceeding 20 consecutive quarters (each a "Deferral Period") and, as a consequence of such deferral, Distributions will also be deferred. Despite such deferral, quarterly Distributions will continue to accrue with interest thereon (to the extent permitted by applicable law) at the Coupon Rate compounded quarterly during any such Deferral Period. Prior to the termination of any such Deferral Period, the Debenture Issuer may further extend such Deferral Period; provided that such Deferral Period together with all such previous and further deferrals thereof may not exceed 20 consecutive quarters or extend beyond the maturity (whether at the stated maturity or by declaration of acceleration, call for redemption or otherwise) of the Debentures under the Indenture. Payments of accrued Distributions will be payable on an Interest Payment Date elected by the Company to Holders as they appear on the books and records of the Trust on the record date fixed for such Interest Payment Date. Upon the termination of any Deferral Period and the payment of all amounts then due, the Debenture Issuer may commence a new Deferral Period, subject to the above requirements.

The Common Securities shall be redeemable as provided in the Declaration.

The Common Securities shall be convertible into shares of Class B Common Stock, through (i) the exchange of Common Securities for a portion of the Debentures and (ii) the immediate conversion of such Debentures into Class B Common Stock, in the manner and according to the terms set forth in the Declaration.

CONVERSION REQUEST

To: Wilmington Trust Company,
as Property Trustee of
Continental Airlines Finance Trust II

The undersigned owner of these Common Securities hereby irrevocably exercises the option to convert these Common Securities, or the portion below designated, into Class B Common Stock of CONTINENTAL AIRLINES, INC. (the "Class B Common Stock") in accordance with the terms of the Amended and Restated Declaration of Trust (the "Declaration"), dated as of November 10, 2000, by Lawrence W. Kellner and Gerald Laderman, as Administrative Trustees, Wilmington Trust Company, as Delaware Trustee, Wilmington Trust Company, as Property Trustee, Continental Airlines, Inc., as Sponsor, and by the Holders, from time to time, of undivided beneficial interests in the Trust to be issued pursuant to the Declaration. Pursuant to the aforementioned exercise of the option to convert these Common Securities, the undersigned hereby directs the Conversion Agent (as that term is defined in the Declaration) to (i) exchange such Common Securities for a portion of the Debentures (as that term is defined in the Declaration) held by the Trust (at the rate of exchange specified in the terms of the Common Securities set forth as Annex I to the Declaration) and (ii) immediately convert such Debentures on behalf of the undersigned, into Class B Common Stock (at the conversion rate specified in the terms of the Common Securities set forth as Annex I to the Declaration).

The undersigned does also hereby direct the Conversion Agent that the shares issuable and deliverable upon conversion, together with any check in payment for fractional shares, be issued in the name of and delivered to the undersigned, unless a different name has been indicated in the assignment below. If shares are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto.

Any holder, upon the exercise of its conversion rights in accordance with the terms of the Declaration and the Common Securities, agrees to be bound by the terms of the Registration Rights Agreement relating to the Class B Common Stock issuable upon conversion of the Common Securities.

Date:

in whole _____ in part _____

Number of Common Securities to be converted: _____

If a name or names other than the undersigned, please indicate in the spaces below the name or names in which the shares of Class B Common Stock are to be issued, along with the address or addresses of such person or persons

Signature (for conversion only)

Please Print or Typewrite Name and Address, Including Zip Code, and Social Security or Other Identifying Number

Signature Guarantee:*

*(Signature must be guaranteed by an "eligible guarantor institution" that is, a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Registrar, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers this Common Security Certificate to:

(Insert assignee's social security or tax identification number)

(Insert address and zip code of assignee)

and irrevocably appoints

agent to transfer this Common Security Certificate on the books of the Trust. The agent may substitute another to act for him or her.

Date:

Signature:

(Sign exactly as your name appears on the other side of this Common Security Certificate)

Signature Guarantee:*

- -----
* (Signature must be guaranteed by an "eligible guarantor institution" that is, a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Registrar, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

CONTINENTAL AIRLINES, INC.

TO

WILMINGTON TRUST COMPANY

Trustee

INDENTURE

Dated as of November 10, 2000

\$296,392,000

6% Convertible Junior Subordinated
Debentures Due 2030

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Certain Sections of this Indenture relating to Sections 310 through 318 of the Trust Indenture Act of 1939:

Trust Indenture Act Section -----		Indenture Section -----
Section 310	(a) (1).....	6.09
	(a) (2).....	6.09
	(a) (3).....	Not Applicable
	(a) (4).....	Not Applicable
	(b).....	6.08, 6.10
Section 311	(a).....	6.13
	(b).....	6.13
Section 312	(a).....	7.01
	(b).....	7.02(a)
	(b).....	7.02(b)
	(c).....	7.02(c)
Section 313	(a).....	7.03(a)
	(a) (4).....	7.03(a)
	(b).....	7.03(a)
	(c).....	7.03(a)
	(d).....	7.03(b)
Section 314	(a).....	7.04
	(b).....	Not Applicable
	(c) (1).....	1.02
	(c) (2).....	1.02
	(c) (3).....	Not Applicable
	(d).....	Not Applicable
	(e).....	1.02
Section 315	(a).....	6.01
	(b).....	6.03
	(c).....	6.02
	(d).....	6.01
	(e).....	6.01
Section 316	(a)(1)(A).....	5.14
	(a)(1)(B).....	5.02
	(a) (2).....	5.12
	(b).....	5.13
	(c).....	Not Applicable
	(c).....	5.08
Section 317	(a) (1).....	1.04(c)
	(a) (2).....	5.03
	(b).....	5.04
Section 318	(a).....	1.03
	(a).....	1.07

Note: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.

This INDENTURE, dated as of November 10, 2000, between Continental Airlines, Inc., a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company"), and Wilmington Trust Company, a Delaware banking corporation, as Trustee (herein called the "Trustee").

RECITALS OF THE COMPANY

WHEREAS Continental Airlines Finance Trust II, a Delaware business trust (the "Trust"), formed under the Amended and Restated Declaration of Trust among the Company, as Sponsor, Wilmington Trust Company, as property trustee (the "Property Trustee"), and Wilmington Trust Company, as Delaware trustee (the "Delaware Trustee"), and Lawrence W. Kellner and Gerald Laderman, as trustees (together with the Property Trustee and the Delaware Trustee, the "Issuer Trustees"), dated as of November 10, 2000, (the "Declaration"), pursuant to the Purchase Agreement (the "Purchase Agreement") dated November 6, 2000, among the Company, the Trust and the Initial Purchasers named therein, will issue and sell up to 5,000,000 of its 6% Convertible Preferred Securities, Term Income Deferrable Equity Securities (TIDES) ("Preferred Securities") (or up to 5,750,000 of its Preferred Securities to the extent the over-allotment option is exercised in full) with a liquidation amount of \$50 per Preferred Security, having an aggregate liquidation amount with respect to the assets of the Trust of up to \$250,000,000 (or up to \$287,500,000 to the extent the over-allotment option is exercised in full);

WHEREAS the trustees of the Trust, on behalf of the Trust, will execute and deliver to the Company Common Securities evidencing an ownership interest in the Trust, registered in the name of the Company, in an aggregate amount equal to three percent of the capitalization of the Trust, equivalent to up to 154,640 of its 6% Common Securities (the "Common Securities" and, together with the Preferred Securities, the "Trust Securities") (or up to 177,840 Common Securities to the extent the over-allotment option is exercised in full), with a liquidation amount of \$50 per Common Security, having an aggregate liquidation amount with respect to the assets of the Trust of up to \$7,732,000 (or up to \$8,892,000 to the extent the over-allotment option is exercised in full);

WHEREAS the Trust will use the proceeds from the sale of the Preferred Securities and the Common Securities to purchase from the Company the 6% Convertible Junior Subordinated Debentures Due 2030 (the "Securities") in an aggregate principal amount of up to \$257,732,000 (or up to \$296,392,000 to the extent the over-allotment option is exercised in full);

WHEREAS the Company is guaranteeing the payment of distributions on the Trust Securities and payment of the Redemption Price (as defined herein) and payments on liquidation with respect to the Trust Securities, to the extent provided in the Common Securities Guarantee Agreement, dated as of November 10, 2000, between the Company and the Trust, and the Preferred Securities Guarantee Agreement, dated as of November 10, 2000, between the Company and Wilmington Trust Company, as Guarantee Trustee, for the benefit of the holders of the Trust Securities from time to time;

WHEREAS the Company has duly authorized the creation of an issue of the Securities of substantially the tenor and amount hereinafter set forth and to provide therefor the Company has duly authorized the execution and delivery of this Indenture;

WHEREAS, so long as the Trust is a Holder of Securities and any Preferred Securities are outstanding, the Declaration provides that the holders of Preferred Securities may cause the Conversion Agent (as defined herein) to (i) exchange such Preferred Securities for Securities held by the Trust and (ii) immediately convert such Securities into Class B Common Stock (as defined herein); and

WHEREAS all things necessary to make the Securities, when executed by the Company and authenticated and delivered hereunder and duly issued by the Company, the valid obligations of the Company and to make this Indenture a valid agreement of the Company, in accordance with their and its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders (as defined herein) thereof, it is mutually agreed, for the equal and proportionate benefit of all Holders of the Securities, as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.01 Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting

principles; and

(4) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

"Act", when used with respect to any Holder, has the meaning specified in Section 1.04.

"Additional Payments" means Compounded Interest and Additional Sums, if any.

"Additional Sums" has the meaning specified in Section 3.01.

"Adjusted Reference Market Price" has the meaning specified in Section 13.07(a)(i).

"Adjusted Relevant Price" has the meaning specified in Section 13.07(a)(i).

"Administrative Action" has the meaning specified in the definition of Tax Event in this Section 1.01.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means any Registrar, Paying Agent, Conversion Agent or co-registrar.

"Agent Member" means any member of, or participant in, the Depositary.

"Applicable Conversion Price" has the meaning specified in Section 13.01.

"Applicable Rate" means the rate at which the Securities accrue interest and the corresponding Trust Securities accrue distributions, which in the absence of a Registration Default shall mean 6%. In the event of a Registration Default, the Applicable Rate shall be increased in accordance with the provisions of Section 10.07 hereof.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of that board.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means any day other than a Saturday or a Sunday, or a day on which banking institutions in New York, New York or Wilmington, Delaware are authorized or required by law or executive order to remain closed, or a day on which the corporate trust office of the Property Trustee or the Trustee is closed for business.

"Class B Common Stock" means Class B common stock, par value \$.01 per share, of the Company (or shares of any class or classes resulting from any reclassification or reclassifications thereof).

"Closing Price" has the meaning specified in Section 13.07(b).

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Common Securities" has the meaning specified in the Second Recital to this instrument.

"Common Stock Fundamental Change" has the meaning specified in Section 13.07(b).

"Company" means the Person named as the "Company" in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor Person.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company by its Chairman of the Board, its Vice Chairman of the Board, its President or a Vice President, and by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and delivered to the Trustee.

"Company Transaction" has the meaning specified in Section 13.04.

"Compounded Interest" has the meaning specified in Section 3.13.

"Conversion Agent" means the Person appointed to act on behalf of the holders of Preferred Securities in effecting the conversion of Preferred Securities as and in the manner set forth in the Declaration and Section 13.02 hereof.

"Conversion Date" has the meaning specified in Section 13.02.

"Corporate Trust Office" means the principal office of the Trustee in Wilmington, Delaware, at which at any particular time its corporate trust business shall be administered and which at the date of this Indenture is Rodney Square North, 1100 North Market Street, Wilmington, Delaware, 19890-0001.

"Declaration" means the Amended and Restated Declaration of Trust among the Company, as Sponsor, Wilmington Trust Company, as Property Trustee and as Delaware Trustee, and Lawrence W. Kellner and Gerald Laderman, as Administrative Trustees, dated as of November 10, 2000, as amended from time to time.

"Debt" means (i) the principal of and premium and interest, if any, on indebtedness for money borrowed, together with all fees, indemnities and expenses payable under such obligations, (ii) purchase money and similar obligations, (iii) obligations under capital leases, (iv) guarantees, assumptions or purchase commitments relating to, or other transactions as a result of which the Company is responsible for the payment of, such indebtedness of others, (v) renewals, extensions and refunding of any such indebtedness, (vi) interest or obligations in respect of any such indebtedness accruing after the commencement of any insolvency or bankruptcy proceedings and (vii) obligations associated with derivative products such as (a) securities contracts and foreign currency exchange contracts, (b) derivative instruments, such as swap agreements (including interest rate and foreign exchange rate swap agreements), cap agreements, floor agreements, collar agreements, interest rate agreements, foreign exchange agreements, options, commodity futures contracts and commodity options contracts, and (c) similar financial instruments.

"Defaulted Interest" has the meaning specified in Section 3.08.

"Deferral Period" has the meaning specified in Section 3.13.

"Deferral Notice" has the meaning specified in Section 3.13.

"Delaware Trustee" has the meaning given it in the First Recital of this instrument.

"Depository" means The Depository Trust Company, or any successor thereto.

"Dissolution Tax Opinion" has the meaning specified in the definition of Tax Event in this Section 1.01.

"Entitlement Date" has the meaning specified in Section 13.07(b).

"Event of Default" has the meaning specified in Section 5.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor legislation.

"Expiration Date" has the meaning specified in Section 1.04(d).

"Expiration Time" has the meaning specified in Section 13.03(vi).

"Fundamental Change" has the meaning specified in Section 13.07(b).

"Global Security" means a Security issued in the form prescribed in Section 2.03, issued to the Depository or its nominee, and registered in the name of the Depository or its nominee.

"Guarantee" means, collectively, the Common Securities Guarantee Agreement, dated as of November 10, 2000, between the Company and the Trust, as amended from time to time, and the Preferred Securities Guarantee Agreement, dated as of November 10, 2000, between the Company and Wilmington Trust Company, as Guarantee Trustee, as amended from time to time.

"Holder" means a Person in whose name a Security is registered in the Security Register.

"Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, including, for all purposes of this instrument and any such supplemental indenture, the provisions of the Trust Indenture Act that are deemed to be a part of and govern this instrument and any such supplemental indenture, respectively.

"Initial Conversion Price" has the meaning specified in Section 13.01.

"Initial Purchasers", with respect to the Preferred Securities, means Credit Suisse First Boston Corporation and UBS Warburg LLC.

"Interest Payment Date" has the meaning specified in Section 3.01.

"Issuer Trustees" has the meaning specified in the First Recital of this Indenture.

"Maturity", when used with respect to any Security, means the date on which the principal of such Security becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

"90 Day Period" has the meaning specified in Section 11.02.

"NNM" means the National Market System of the National Association of Securities Dealers, Inc., or any successor national automated interdealer quotation system.

"Non-Stock Fundamental Change" has the meaning specified in Section

13.07(b).

"No Recognition Opinion" means an opinion of a nationally recognized independent tax counsel (reasonably acceptable to the Issuer Trustees) experienced in such matters, which opinion may rely on published revenue rulings of the Internal Revenue Service, to the effect that the Holders of the Securities will not recognize any income, gain or loss for United States Federal income tax purposes as a result of the liquidation of the Trust and the distribution of the Securities to the holders of the Preferred Securities.

"Notice of Conversion" means the notice to be given by a Holder of Preferred Securities to the Conversion Agent directing the Conversion Agent to exchange such Preferred Securities for Securities and to convert such Securities into Class B Common Stock on behalf of such holder.

"Officers' Certificate" means a certificate signed by the Chairman of the Board, the Vice Chairman of the Board, the President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Company, and delivered to the Trustee. One of the officers signing an Officers' Certificate given pursuant to Section 10.04 shall be the principal executive, financial or accounting officer of the Company.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Company, and who shall be reasonably acceptable to the Trustee.

"Optional Redemption" has the meaning specified in Section 11.01.

"Optional Redemption Price" has the meaning specified in Section 11.01.

"Optional Redemption Ratio" has the meaning specified in Section 13.07(b).

"Outstanding", when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except: (i) Securities theretofore canceled by the Trustee or delivered to the Trustee for cancellation; (ii) Securities for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities; provided, that if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made; and (iii) Securities which have been paid pursuant to Section 3.08, converted into Class B Common Stock pursuant to Section 13.01, or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company; provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or such other obligor shall be disregarded and deemed not to be outstanding, except that, in determining whether the Trustee shall be fully protected in conclusively relying upon any such request, demand, authorization, direction, notice consent or waiver, only Securities which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any affiliate of the Company or such other obligor.

"Paying Agent" means any Person authorized by the Company to pay the principal of or interest on any Securities on behalf of the Company.

"Payment Resumption Date" has the meaning set forth in Section 3.13.

"Person" means a legal person, including any individual, corporation, estate, company, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization or government or any agency or political subdivision thereof or any other entity of whatever nature.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 3.07 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"Preferred Securities" has the meaning specified in the First Recital to this instrument.

"Property Trustee" has the meaning specified in the First Recital to this instrument.

"Purchase Agreement" has the meaning specified in the First Recital to this instrument.

"Purchased Shares" has the meaning specified in Section 13.03(vi).

"Purchaser Stock Price" has the meaning specified in Section 13.07(b).

"Redemption Date", when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price", when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"Redemption Tax Opinion" means an opinion of a nationally recognized independent tax counsel (reasonably acceptable to the Issuer Trustees) experienced in such matters that, as a result of a Tax Event, there is more than an insubstantial risk that the Company would be precluded from deducting the interest on the Securities for United States Federal income tax purposes, even after the Trust was liquidated and the Securities were distributed to the holders of the Preferred Securities.

"Reference Date" has the meaning specified in Section 13.03(iv).

"Reference Market Price" has the meaning specified in Section 13.07(b).

"Registration Default" has the meaning specified in Section 10.07.

"Registration Rights Agreement" has the meaning specified in Section 10.07.

"Regular Record Date" has the meaning specified in Section 3.01.

"Relevant Price" has the meaning specified in Section 13.07(b).

"Responsible Officer", when used with respect to the Trustee, means the chairman or any vice-chairman of the board of directors, the chairman or any vice-chairman of the executive committee of the board of directors, the chairman of the trust committee, the president, any vice president, any assistant vice president, the treasurer, any assistant treasurer, any trust officer or assistant trust officer, the controller or any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Restricted Preferred Securities" means each Preferred Security required to bear the restricted securities legend required by Section 9.02(j) of the Declaration.

"Restricted Securities" means each Security required to bear a Restricted Securities Legend pursuant to Section 2.02 hereof.

"Restricted Securities Legend" has the meaning specified in Section 2.02.

"Securities" has the meaning specified in the Third Recital to this instrument.

"Securities Act" means the Securities Act of 1933, as amended from time to time, or any successor legislation.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 3.06.

"Senior Obligations" means (i) all Debt of the Company and (ii) any amount payable in respect of a long-term operating lease of aircraft or aircraft engines, in each case, whether outstanding on the date of execution of the Indenture or thereafter created, assumed or incurred, except such Debt or lease obligations that are expressly stated to rank junior in right of payment to, or pari passu in right of payment with, the Securities; provided, however, that Senior Obligations shall not be deemed to include (a) any Debt of the Company which, when incurred and without respect to any election under Section 1111(b) of the United States Bankruptcy Code of 1978, was without recourse to the Company, (b) trade accounts payable and accrued liabilities arising in the ordinary course of business, (c) any Debt of the Company to any of its Subsidiaries, (d) Debt to any employee of the Company and (e) Debt which by its terms is subordinated to trade accounts payable or accrued liabilities arising in the ordinary course of business to the extent that payments made to the holders of such Debt by the Holders of the Securities as a result of the subordination provisions of the Indenture would be greater than such payments otherwise would have been as a result of any obligation of such holders of such Debt to pay amounts over to the obligees on such trade accounts payable or accrued liabilities arising in the ordinary course of business as a result of subordination provisions to which such Debt is subject.

"Shelf Registration Statement" has the meaning specified in Section 10.07.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 3.08.

"Stated Maturity", when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security as the fixed date on which the principal, together with any accrued and unpaid interest (including Compounded Interest), of such Security or such installment of interest is due and payable.

"Subsidiary" of any Person means (i) a corporation more than 50% of the outstanding Voting Stock of which is owned, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person or by such Person and one or more Subsidiaries thereof or (ii) any other Person (other than a corporation) in which such Person, or one or more other Subsidiaries of such Person or such Person and one or more other Subsidiaries thereof, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Tax Event" means the receipt by the Property Trustee of an opinion of a nationally recognized independent tax counsel to the Company experienced in such matters (a "Dissolution Tax Opinion") to the effect that, as a result of (a) any amendment to or change (including any announced prospective change (which shall not include a proposed change), provided that a Tax Event shall not occur more than 90 days before the effective date of any such prospective change) in the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein, (b) any judicial decision or official administrative pronouncement, ruling, regulatory procedure, notice or announcement, including any notice or announcement of intent to adopt such procedures or regulations (an "Administrative Action") or (c) any amendment to or change in the administrative position or interpretation of any Administrative Action or judicial decision that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental agency or regulatory body, irrespective of the manner in which such amendment or change is made known, which amendment or change is effective or such Administrative Action or decision is announced, in each case, on or after the date of original issuance of the Securities or the issue date of the Preferred Securities issued by the Trust, there is more than an insubstantial risk that (x) if the Securities are held by the Property Trustee, (i) the Trust is, or will be within 90 days of the date of such opinion, subject to United States Federal income tax with respect to interest accrued or received on the Securities or subject to more than a de minimis amount of other taxes, duties or other governmental charges as determined by such counsel, or (ii) any portion of interest payable by the Company to the Trust on the Securities is not, or within 90 days of the date of such opinion will not be, deductible by the Company in whole or in part for United States Federal income tax purposes or (y) with respect to Securities which are no longer held by the Property Trustee, any portion of interest payable by the Company on the Securities is not, or within 90 days of the date of such opinion will not be, deductible by the Company in whole or in part for United States Federal income tax purposes.

"Trading Day" has the meaning specified in Section 13.07(b).

"Trust" has the meaning specified in the First Recital to this instrument.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean such successor Trustee.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force at the date as of which this instrument was executed; provided, however, that in the event the Trust Indenture Act of 1939 is amended after such date, "Trust Indenture Act" means, to the extent required by any such amendment, the Trust Indenture Act of 1939 as so amended.

"Trust Securities" has the meaning specified in the Second Recital to this instrument.

"Vice President", when used with respect to the Company or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president".

"Voting Stock" of any Person means capital stock of such Person which ordinarily has voting power for the election of directors (or Persons performing similar functions) of such Person, whether at all times or only so long as no senior class of securities has such voting power by reason of any contingency.

SECTION 1.02 Compliance Certificates and Opinions.

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee such certificates and opinions as may be required under the Trust Indenture Act or reasonably requested by the Trustee in connection with such application or request. Each such certificate or opinion shall be given in the form of an Officers' Certificate, if to be given by an officer of the Company, or an Opinion of Counsel, if to be given by counsel, and shall comply with the applicable requirements of the Trust Indenture Act and any other applicable requirement set forth in this Indenture. Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

SECTION 1.03 Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify

or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 1.04 Acts of Holders; Record Dates.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given to or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments is or are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.01) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee or the Company, as the case may be, deems sufficient.

(c) The Company may, in the circumstances permitted by the Trust Indenture Act, fix any day as the record date for the purpose of determining the Holders of Outstanding Securities entitled to give, make or take any request, demand, authorization, direction, notice, consent, waiver or other action, or to vote on any action, authorized or permitted to be given or taken by Holders. If not set by the Company prior to the first solicitation of a Holder made by any Person in respect of any such action, or, in the case of any such vote, prior to such vote, the record date for any such action or vote shall be the 30th day (or, if later, the date of the most recent list of Holders required to be provided pursuant to Section 7.01) prior to such first solicitation or vote, as the case may be. With regard to any record date, only the Holders on such date (or their duly designated proxies) shall be entitled to give or take, or vote on, the relevant action.

(d) The Trustee may set any day as a record date for the purpose of determining the Holders of Outstanding Securities entitled to join in the giving or making of (i) any notice of default, (ii) any declaration of acceleration referred to in Section 5.02, (iii) any request to institute proceedings referred to in Section 5.07(2) or (iv) any direction referred to in Section 5.12. If any record date is set pursuant to this paragraph, the Holders of Outstanding Securities on such record date, and no other Holders, shall be entitled to join in such notice, declaration, request or direction, whether or not such Holders remain Holders after such record date; provided that no such action shall be effective hereunder unless taken on or prior to the date set by the Trustee by which any such determination shall be made (the "Expiration Date") by Holders of the requisite principal amount of Outstanding Securities on such record date. Nothing in this paragraph shall be construed to prevent the Trustee from setting a new record date for any action for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any Person be canceled and of no effect), and nothing in this paragraph shall be construed to render ineffective any action taken by Holders of the requisite principal amount of Outstanding Securities on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Trustee, at the Company's expense, shall cause notice of such record date, the proposed action by Holders and the applicable Expiration Date to be given to the Company in writing and to each Holder of Securities in the manner set forth in Section 1.06.

(e) The ownership of Securities shall be proved by the Security Register.

(f) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

(g) Without limiting the foregoing, a Holder entitled hereunder to give

or take any such action with regard to any particular Security may do so with regard to all or any part of the principal amount of such Security or by one or more duly appointed agents each of which who may do so pursuant to such appointment with regard to all or any different part of such principal amount.

SECTION 1.05 Notices, Etc., to Trustee and the Company.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) The Trustee by any Holder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to:

Wilmington Trust Company
Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890
Attention: Corporate Trust Administration

(2) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company addressed to:

Continental Airlines, Inc.
1600 Smith Street, HQSEO
Houston, Texas 77002
Attention: General Counsel and Chief Financial Officer

SECTION 1.06 Notice to Holders; Waiver.

Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at such Holder's address as it appears in the Security Register, not later than the latest date (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Any notice when mailed to a Holder in the aforesaid manner shall be conclusively deemed to have been received by such Holder whether or not actually received by such Holder. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case, by reason of the suspension of regular mail service or by reason of any other cause, it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

SECTION 1.07 Conflict with Trust Indenture Act.

If any provision hereof limits, qualifies or conflicts with a provision of the Trust Indenture Act that is required under such Act to be a part of and govern this Indenture, the latter provision shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

SECTION 1.08 Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.09 Successors and Assigns.

All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 1.10 Separability Clause.

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.11 Benefits of Indenture.

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, the holders of Senior Obligations, the holders of Preferred Securities (to the extent provided herein) and the Holders of Securities, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 1.12 Governing Law.

THIS INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SECTION 1.13 Legal Holidays.

In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security or the last date on which a Holder has the right to

convert his Securities shall not be a Business Day, then (notwithstanding any other provision of this Indenture or of the Securities) payment of interest or principal or conversion of the Securities need not be made on such date, but may be made on the next succeeding Business Day (except that, with respect to any Redemption Date, if such Business Day is in the next succeeding calendar year, such Redemption Date shall be the immediately preceding Business Day) with the same force and effect as if made on the Interest Payment Date or Redemption Date, or at the Stated Maturity or on such last day for conversion, provided that no interest shall accrue for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be.

ARTICLE II

SECURITY FORMS

SECTION 2.01 Forms Generally.

The Securities and the Trustee's certificates of authentication shall be substantially in the form of Exhibit A which is hereby incorporated in and expressly made a part of this Indenture. The Securities may have notations, legends or endorsements required by law, stock exchange rule, agreements to which the Company is subject, if any, or usage (provided that any such notation, legend or endorsement is in a form acceptable to the Company). The Company shall furnish any such legend not contained in Exhibit A to the Trustee in writing. Each Security shall be dated the date of its authentication. The terms and provisions of the Securities set forth in Exhibit A are part of the terms of this Indenture and to the extent applicable, the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

The definitive Securities shall be typewritten or printed, lithographed or engraved or produced by any combination of these methods on steel engraved borders or may be produced in any other manner permitted by the rules of any securities exchange on which the Securities may be listed, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

SECTION 2.02 Initial Issuance to Property Trustee.

The Securities initially issued to the Property Trustee of the Trust shall be in the form of one or more individual certificates in definitive, fully registered form without distribution coupons and shall bear the following legend (the "Restricted Securities Legend") unless the Company determines otherwise in accordance with applicable law:

"THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS SECURITY AND ANY CLASS B COMMON STOCK ISSUABLE UPON CONVERSION HEREOF MAY NOT BE OFFERED, SOLD, PLEDGED, ENCUMBERED OR OTHERWISE TRANSFERRED OR DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS SECURITY AND ANY CLASS B COMMON STOCK ISSUABLE UPON CONVERSION HEREOF MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (i) TO THE COMPANY, (ii) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (iii) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (iv) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (v) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (i) THROUGH (v) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER REPRESENTS THAT IT (1) IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, IS AWARE THAT THE SALE TO IT IS BEING MADE IN RELIANCE ON RULE 144A AND IS ACQUIRING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT OR (2) ACQUIRED SUCH SECURITY IN A TRANSACTION THAT DID NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT."

In addition, any Security issued hereunder shall, in addition to the Restricted Securities Legend, bear a legend in substantially the following form:

"BY ITS PURCHASE OF ANY SECURITIES (OR ANY INTEREST HEREIN), THE PURCHASER HEREOF WILL BE DEEMED TO HAVE REPRESENTED EITHER THAT (A) IT IS NOT A PLAN OR OTHER ENTITY WHOSE UNDERLYING ASSETS ARE SUBJECT TO ERISA AND/OR SECTION 4975 OF THE CODE, OR A GOVERNMENTAL OR CHURCH PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE

CODE OR (B) ITS PURCHASE AND HOLDING OF THE SECURITIES (AND ANY CLASS B COMMON STOCK ISSUABLE UPON CONVERSION HEREOF) WILL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL OR CHURCH PLAN, A VIOLATION OF ANY SUBSTANTIALLY SIMILAR FEDERAL, STATE OR LOCAL LAW)."

SECTION 2.03 Additional Provisions Required in Global Security.

Any Global Security issued hereunder shall, in addition to the provisions contained in Section 2.02, bear a legend in substantially the following form:

"THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HERINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY (THE "DEPOSITORY" OR "DTC") OR A NOMINEE OF THE DEPOSITORY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.

UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (55 WATER STREET, NEW YORK, NEW YORK) TO CONTINENTAL AIRLINES, INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO BELOW."

SECTION 2.04 Issuance of Global Securities to Holders.

The Securities may be represented by one or more Global Securities registered in the name of the Depository or its nominee if, and only if, the Securities are distributed to the Holders of the Trust Securities. Until such time, the Securities shall be registered in the name of and held by the Property Trustee. Securities distributed to Holders of book-entry Trust Securities shall be distributed in the form of one or more Global Securities registered in the name of the Depository or its nominee, and deposited with the Security Registrar, as custodian for such Depository, or held by such Depository for credit by the Depository to the respective accounts of the beneficial owners of the Securities represented thereby (or such other accounts as they may direct). Securities distributed to Holders of Trust Securities other than book-entry Trust Securities shall not be issued in the form of a Global Security or any other form intended to facilitate book-entry trading in beneficial interests in such Securities.

ARTICLE III

THE SECURITIES

SECTION 3.01 Title and Terms.

The aggregate principal amount of Securities that may be authenticated and delivered under this Indenture is limited to the sum of \$296,392,000 except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities pursuant to Section 3.04, 3.05, 3.06, 3.07, 9.06, 11.07 or 13.02.

The Securities shall be known and designated as the "6% Convertible Junior Subordinated Debentures Due 2030" of the Company. Their Stated Maturity shall be November 15, 2030, and they shall bear interest at the Applicable Rate, from November 10, 2000 or from the most recent Interest Payment Date (as defined below) to which interest has been paid or duly provided for, as the case may be, payable quarterly (subject to deferral as set forth herein), in arrears, on February 15, May 15, August 15 and November 15 (each an "Interest Payment Date") of each year, commencing February 15, 2001, until the principal thereof is paid or made available for payment, and they shall be paid to the Persons in whose name the Securities are registered at the close of business on the regular record date for such interest installment, which shall be the close of business on the first day of the month in which the applicable Interest Payment Date (the "Regular Record Date") falls. Interest will compound quarterly and will accrue at the Applicable Rate on any interest installment in arrears for more than one quarter or during an extension of an interest payment period as set forth in Section 3.13 hereof.

The amount of interest payable for any period will be computed on the basis of a 360-day year of twelve 30-day months. Except as provided in the following sentence, the amount of interest payable for any period shorter than a full quarterly period for which interest is computed, will be computed on the basis of the actual number of days elapsed in such a 30-day month. In the event that any date on which interest is payable on the Securities is not a Business Day, then payment of interest payable on such date will be made on the next

succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), with the same force and effect as if made on such date.

If at any time (including upon the occurrence of a Tax Event) while the Property Trustee is the Holder of all the Securities, the Trust or the Property Trustee is required to pay any taxes, duties, assessments or governmental charges of whatever nature (other than withholding taxes) imposed by the United States, or any other taxing authority, then, in any case, the Company will pay as additional amounts ("Additional Sums") on the Securities held by the Property Trustee, such additional amounts as shall be required so that the net amounts received and retained by the Trust and the Property Trustee after paying such taxes, duties, assessments or other governmental charges will be equal to the amounts the Trust and the Property Trustee would have received had no such taxes, duties, assessments or other governmental charges been imposed.

The principal of and interest on the Securities shall be payable at the office or agency of the Company in New York, New York maintained for such purpose and at any other office or agency maintained by the Company for such purpose in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at any time that the Property Trustee is not the sole holder of the Securities, payment of interest may, at the option of the Company, be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or by wire transfer.

The Securities shall be redeemable as provided in Article XI hereof.

The Securities shall be subordinated in right of payment to Senior Obligations as provided in Article XII hereof.

The Securities shall be convertible as provided in Article XIII hereof.

SECTION 3.02 Denominations.

The Securities shall be issuable only in registered form without coupons and only in denominations of \$1,000 and integral multiples thereof.

SECTION 3.03 Execution, Authentication, Delivery and Dating.

The Securities shall be executed on behalf of the Company by its Chairman of the Board, its Vice Chairman of the Board, its President or one of its Vice Presidents, under its corporate seal reproduced thereon attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities; and the Trustee in accordance with such Company Order shall manually authenticate and make available for delivery such Securities as in this Indenture provided and not otherwise.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder.

SECTION 3.04 Temporary Securities.

Pending the preparation of definitive Securities, the Company may execute, and upon Company Order the Trustee shall authenticate and make available for delivery, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities.

If temporary Securities are issued, the Company will cause definitive Securities to be prepared without unreasonable delay. After the preparation of definitive Securities, the temporary Securities shall be exchangeable for definitive Securities upon surrender of the temporary Securities at any office or agency of the Company designated pursuant to Section 10.02, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities, the Company shall execute and the Trustee shall authenticate and make available for delivery in exchange therefor a like principal amount of definitive Securities of authorized denominations. Until so exchanged the temporary Securities shall in all respects be entitled to the same benefits under this Indenture as definitive Securities.

SECTION 3.05 Global Securities.

(a) Each Global Security issued under this Indenture shall be registered in the name of the Depositary designated by the Company for such Global Security or a nominee thereof and delivered to such Depositary or a nominee thereof or custodian therefor, and each such Global Security shall constitute a single Security for all purposes of this Indenture.

(b) Notwithstanding any other provision in this Indenture, no Global

Security may be exchanged in whole or in part for Securities registered, and no transfer of a Global Security in whole or in part may be registered, in the name of any Person other than the Depository for such Global Security or a nominee thereof unless (i) such Depository advises the Trustee in writing that such Depository is no longer willing or able to continue as a Depository with respect to such Global Security, and no successor depository shall have been appointed, or if at any time the Depository ceases to be a "clearing agency" registered under the Exchange Act, at a time when the Depository is required to be so registered to act as such depository, (ii) the Company in its sole discretion determines that such Global Security shall be so exchangeable or (iii) there shall have occurred and be continuing an Event of Default.

(c) If any Global Security is to be exchanged for other Securities or canceled in whole, it shall be surrendered by or on behalf of the Depository or its nominee to the Security Registrar for exchange or cancellation as provided in this Article III. If any Global Security is to be exchanged for other Securities or canceled in part, or if another Security is to be exchanged in whole or in part for a beneficial interest in any Global Security, then either (i) such Global Security shall be so surrendered for exchange or cancellation as provided in this Article III or (ii) the principal amount thereof shall be reduced or increased by an amount equal to the portion thereof to be so exchanged or canceled, or equal to the principal amount of such other Security to be so exchanged for a beneficial interest therein, as the case may be, by means of an appropriate adjustment made on the records of the Security Registrar, whereupon the Trustee shall instruct the Depository or its authorized representative to make a corresponding adjustment to its records. Upon any such surrender or adjustment of a Global Security by the Depository, accompanied by registration instructions and, to the extent required by Section 3.06, a Restricted Securities Certificate, the Trustee shall, subject to Section 3.05(b) and as otherwise provided in this Article III, authenticate and make available for delivery any Securities issuable in exchange for such Global Security (or any portion thereof) in accordance with the instructions of the Depository. The Trustee shall not be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be fully protected in relying on, such instructions.

(d) The Depository or its nominee, as registered owner of a Global Security, shall be the Holder of such Global Security for all purposes under this Indenture and the Securities, and owners of beneficial interests in a Global Security shall hold such interest pursuant to the rules and procedures of the Depository. Accordingly, any such owner's beneficial interests in a Global Security shall be shown only on, and the transfer of such interest shall be effected only through, records maintained by the Depository or its nominee or its Agent Members. Neither the Trustee nor the Security Registrar shall have any liability in respect of any transfers effected by the Depository.

(e) The rights of the beneficial interests in a Global Security shall be exercised only through the Depository and shall be limited to those established by law and agreements between such owners and the Depository and/or its Agent Members.

SECTION 3.06 Registration, Transfer and Exchange Generally; Certain Transfers and Exchanges.

(a) The Company shall cause to be kept at the corporate offices of the Trustee in New York, New York or at the offices of any Paying Agent or transfer agent appointed by the Company a register (the register maintained in such office and in any other office or agency designated pursuant to Section 10.02 being herein sometimes collectively referred to as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Securities and of transfers of Securities. The Trustee is hereby appointed "Security Registrar" for the purpose of registering Securities and transfers of Securities as herein provided.

Upon surrender for registration of transfer of any Security at an office or agency of the Company designated pursuant to Section 10.02 for such purpose, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of any authorized denominations and of a like aggregate principal amount and bearing such restrictive legends as may be required by this Indenture.

At the option of the Holder, Securities may be exchanged for other Securities of any authorized denominations and of a like aggregate principal amount and bearing such restrictive legends as may be required by this Indenture, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and make available for delivery, the Securities which the Holder making the exchange is entitled to receive.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 3.04, 3.05, 9.06, 11.09 or 13.01 not involving any transfer.

Neither the Company nor the Trustee shall be required (i) in the case of a partial redemption of the Securities, to issue, register the transfer of or exchange any Security during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Securities selected for redemption under Section 11.04 and ending at the close of business on the day of such mailing or (ii) to register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

(b) Transfer and Exchange Procedures and Restrictions. The Securities may not be transferred except in compliance with the Restricted Securities Legend unless otherwise determined by the Company in accordance with applicable law. Upon any distribution of the Securities to the holders of the Trust Securities in accordance with the Declaration, the Company and the Trustee shall enter into a supplemental indenture pursuant to Section 9.01(6) to provide for transfer procedures and restrictions with respect to the Securities substantially similar to those contained in the Declaration to the extent applicable in the circumstances existing at the time of such distribution. Notwithstanding any other provision of the Indenture, transfers and exchanges of Securities and beneficial interests in a Global Security of the kinds specified in this Section 3.06(b) shall be made only in accordance with this Section 3.06(b).

(1) Non-Global Security to Global Security. If the Holder of a Security (other than a Global Security) wishes at any time to transfer all or any portion of such Security to a Person who wishes to take delivery thereof in the form of a beneficial interest in a Global Security, such transfer may be effected only in accordance with the provisions of this clause (b)(1) and subject to the rules and procedures of the Depository. Upon receipt by the Security Registrar of (A) such Security as provided in Section 3.06(a) and instructions satisfactory to the Security Registrar directing that a beneficial interest in the Global Security in a specified principal amount not greater than the principal amount of such Security be credited to a specified Agent Member's account and (B) the assignment form attached to the Security duly executed by such Holder or such Holder's attorney duly authorized in writing, then the Security Registrar shall cancel such Security (and issue a new Security in respect of the untransferred portion thereof) as provided in Section 3.06(a) and increase the aggregate principal amount of the Global Security by the specified principal amount as provided in Section 3.05(c).

(2) Non-Global Security to Non-Global Security. A Security that is not a Global Security may be transferred, in whole or in part, to a Person who takes delivery in the form of another Security that is not a Global Security as provided in Section 3.06(a); provided, that if such Security to be transferred in whole or in part is a Restricted Security, the Security Registrar shall have received the assignment form attached to the Security duly executed by the transferor Holder or such Holder's attorney duly authorized in writing.

(3) Exchanges between Global Security and Non-Global Security. A beneficial interest in a Global Security may be exchanged for a Security that is not a Global Security as provided in Section 3.05.

(c) Restricted Securities Legend.

(1) Except as set forth below, all Securities shall bear the Restricted Securities Legend set forth in Section 2.02.

(2) A Security (other than a Global Security) that does not bear a Restricted Securities Legend may be issued in exchange for or in lieu of a Restricted Security or any portion thereof that bears such legend if, in the Company's judgment, placing such a legend upon such new Security is not necessary to ensure compliance with the registration requirements of the Securities Act, and the Trustee, at the written direction of the Company in the form of an Officers' Certificate, shall countersign and deliver such a new Security.

(3) Notwithstanding the foregoing provisions of this Section 3.06(c), a successor Security of a Security that does not bear a Restricted Securities Legend shall not bear such form of legend unless the Company has reasonable cause to believe that such successor Security is a "restricted security" within the meaning of Rule 144 under the Securities Act, in which case the Trustee, at the written direction of the Company in the form of an Officers' Certificate, shall countersign and deliver a new Security bearing a Restricted Securities Legend in exchange for such successor Security.

(4) Upon any sale or transfer of a Restricted Security (including any Restricted Security represented by a Global Security) pursuant to an effective registration statement under the Securities Act or pursuant to Rule 144 under the Securities Act after such registration ceases to be effective: (A) in the case of any Restricted Security that is a definitive Security, the Security Registrar shall permit the Holder thereof to exchange such Restricted Security for a definitive Security that does not bear the Restricted Securities Legend and shall rescind any restriction on the transfer of such Restricted Security; and (B) in the case of any Restricted Security that is represented by a Global Security, the Security Registrar shall permit the Holder of such Global Security to exchange such Global Security for another Global Security that does not bear the Restricted Securities Legend.

(5) If Restricted Securities are being presented or surrendered for transfer or exchange then there shall be (if so required by the Trustee), (A) if such Restricted Securities are being delivered to the Security Registrar by a Holder for registration in the name of such Holder, without transfer, a certification from such Holder to that effect; or (B) if such Restricted Securities are being transferred, a certification from the

transferor as to the compliance with the restrictions set forth in the Restricted Securities Legend.

SECTION 3.07 Mutilated, Destroyed, Lost and Stolen Securities.

If any mutilated Security is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and make available for delivery in exchange therefor a new Security of like tenor and principal amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security, a new Security of like tenor and principal amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

SECTION 3.08 Payment of Interest; Interest Rights Preserved.

Interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date.

Any interest on any Security which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date (as defined below) for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security and the date of the proposed payment (which notice shall be sufficiently in advance of such date of proposed payment to permit the Trustee to timely take the actions contemplated by this Section 3.08), and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a special record date (the "Special Record Date") for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder at his address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (2).

(2) The Company may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and, if so listed, upon such notice as may be required by such exchange (or by the Trustee if the Securities are not listed), if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee provided that any such payment will be made in coin or currency of the United States of America which at the time of payment is a legal tender for payment of public and private debt.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange

for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue interest (including in each such case Compounded Interest), which were carried by such other Security.

In the case of any Security which is converted on or after any Regular Record Date and on or prior to the next succeeding Interest Payment Date (other than any Security whose Maturity is prior to such Interest Payment Date), interest whose Stated Maturity is on such Interest Payment Date shall be payable on such Interest Payment Date notwithstanding such conversion, and such interest (whether or not punctually paid or duly provided for) shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on such Regular Record Date. Except as otherwise expressly provided in the immediately preceding sentence, in the case of any Security that is converted prior to any Regular Record Date, interest whose Stated Maturity is after the date of conversion of such Security shall not be payable, and the Company shall not make nor be required to make any other payment, adjustment or allowance with respect to accrued but unpaid interest (including Additional Payments) on the Securities being converted, which shall be deemed to be paid in full.

SECTION 3.09 Persons Deemed Owners.

The Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name any Security is registered as the owner of such Security for the purpose of receiving payment of principal of and (subject to Section 3.08) interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary. No holder of any beneficial interest in any Global Security held on its behalf by a Depositary shall have any rights under this Indenture with respect to such Global Security, and such Depositary may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the owner of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company or the Trustee from giving effect to any written certification, proxy, or other authorization furnished by a Depositary or impair, as between the Depositary and such holders of beneficial interests, the operation of customary practices governing the exercise of the rights of the Depositary (or its nominee) as Holder of any Security.

SECTION 3.10 Cancellation.

All Securities surrendered for payment, redemption, registration of transfer or exchange or conversion shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly canceled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly canceled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section, except as expressly permitted by this Indenture. All canceled Securities held by the Trustee shall be disposed of as directed by a Company Order; provided, however, that the Trustee shall not be required to destroy the certificates representing such canceled Securities.

SECTION 3.11 Right of Set Off.

Notwithstanding anything to the contrary in this Indenture, the Company shall have the right to set off any payment it is otherwise required to make hereunder to the extent the Company has theretofore made, or is concurrently on the date of such payment making, a payment under the Guarantee.

SECTION 3.12 CUSIP Numbers.

The Company in issuing the Securities may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers.

SECTION 3.13 Extension of Interest Payment Period; Notice of Extension.

(a) So long as no Event of Default has occurred and is continuing, the Company shall have the right, at any time during the term of the Securities, from time to time to defer payments of interest (including Additional Payments, if any,) by extending any interest payment period for successive periods not exceeding 20 consecutive quarters for each such period (a "Deferral Period"); provided that no Deferral Period may extend beyond the Stated Maturity of the Securities. To the extent permitted by applicable law, interest, the payment of which has been deferred because of the extension of the interest payment period pursuant to this Section 3.13, will bear interest thereon at the Applicable Rate compounded quarterly for each quarter of the Deferral Period ("Compounded Interest"). On the applicable Payment Resumption Date, the Company shall pay all interest then accrued and unpaid on the Securities, including any Compounded Interest that shall be payable to the Holders of the Securities in whose names the Securities are registered in the Security Register on the Regular Record Date fixed for such Payment Resumption Date. A Deferral Period shall terminate upon the payment by the Company of all interest then accrued and unpaid on the Securities (together with interest thereon accrued at an annual rate equal to the Applicable Rate, compounded quarterly, to the extent permitted by applicable law). Before the termination of any Deferral Period, the Company may further extend such period as provided in paragraph (b) of this Section 3.13, provided that such period together with all such further extensions thereof shall not exceed 20 consecutive quarters or extend beyond the Stated Maturity of the Securities. Upon the termination of any Deferral Period, and subject to the

foregoing requirements, the Company may elect to begin a new Deferral Period. No interest shall be due and payable during a Deferral Period except on the Payment Resumption Date as determined pursuant to paragraph (b) of this Section 3.13. There is no limitation on the number of times that the Company may elect to begin a Deferral Period.

(b) The Company shall give the Holders of the Securities and the Trustee written notice (a "Deferral Notice") of its selection of a Deferral Period at least ten days prior to the record date for any distributions that would have been payable on the Securities except for the decision to begin or extend a Deferral Period. The Trustee shall give notice of the Company's decision to begin or extend a Deferral Period to the Holders of the Securities. On or prior to the Regular Record Date immediately preceding the Interest Payment Date on which the Company elects to pay all interest then accrued and unpaid on the Securities, including Compound Interest (the "Payment Resumption Date"), the Company shall give the Holder of the Security and the Trustee written notice that the Deferral Period will end on such Payment Resumption Date. Notwithstanding the provision of such notice, the Company may elect to further extend the Deferral Period, subject to the limitations set forth in Section 3.13(a), by providing the Holder of the Security and the Trustee with a new Deferral Notice not less than three Business Days prior to the Regular Record Date immediately preceding the previously scheduled Payment Resumption Date. The Company may elect to pay all interest then accrued and unpaid on the Securities, including Compound Interest, on an Interest Payment Date prior to its most recently established Payment Resumption Date provided that the Company gives the Holder of the Security and the Trustee a new Deferral Notice setting forth the revised Payment Resumption Date at least three Business Days prior to the Regular Record Date for such revised Payment Resumption Date.

(c) The quarter in which any Deferral Notice is given pursuant to paragraph (b) hereof shall be counted as one of the 20 quarters permitted in the maximum Deferral Period permitted under paragraph (a) hereof.

SECTION 3.14 Paying Agent, Security Registrar and Conversion Agent.

The Trustee will initially act as Paying Agent, Security Registrar and Conversion Agent. The Company may change any Paying Agent, Security Registrar, co-registrar or Conversion Agent without prior notice. The Company or any of its Affiliates may act in any such capacity.

ARTICLE IV

SATISFACTION AND DISCHARGE

SECTION 4.01 Satisfaction and Discharge of Indenture.

This Indenture shall cease to be of further effect (except as to any surviving rights of conversion, registration of transfer or exchange of Securities herein expressly provided for), and the Trustee, on written demand of and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(1) either

(A) all Securities theretofore authenticated and delivered (other than (i) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 3.06 and (ii) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 10.03) have been delivered to the Trustee for cancellation; or

(B) all such Securities not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company

and the Company, in the case of (i), (ii) or (iii) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose an amount sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal and interest (including Compounded Interest) to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 6.07 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of clause (1) of this Section, the obligations of the Trustee under Section 4.02 and the last paragraph of Section 10.03 shall survive.

SECTION 4.02 Application of Trust Money.

Subject to the provisions of the last paragraph of Section 10.03, all money deposited with the Trustee pursuant to Section 4.01 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal and interest for whose payment such money has been deposited with the Trustee. All moneys deposited with the Trustee pursuant to Section 4.01 (and held by it or any Paying Agent) for the payment of Securities subsequently converted shall be returned to the Company upon Company Request.

ARTICLE V

REMEDIES

SECTION 5.01 Events of Default.

"Event of Default," wherever used herein, means any one of the following events that has occurred and is continuing (whatever the reason for such Event of Default and whether it shall be occasioned by the provisions of Article XII or be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of any interest upon any Security, including any Additional Payments, when it becomes due and payable, and continuance of such default for a period of 30 days (subject to the deferral of any due date in the case of a Deferral Period); or

(2) default in the payment of the principal of any Security when due, whether at its Maturity, upon redemption, by declaration of acceleration or otherwise; or

(3) default in the observation or performance, in any material respect, of any covenant of the Company in this Indenture (other than a covenant a default in the performance of which or the breach of which is elsewhere in this Section specifically dealt with), and continuance of such default for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in aggregate outstanding principal amount of the Securities a written notice specifying such default and requiring it to be remedied; or

(4) failure by the Company to issue and deliver Class B Common Stock upon an election to convert the Securities into Class B Common Stock; or

(5) the entry of a decree or order by a court having jurisdiction in the premises adjudging the Company as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or of any substantial part of its property or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or

(6) the institution by the Company of voluntary proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due and its willingness to be adjudicated a bankrupt, or the taking of corporate action by the Company in furtherance of any such action; or

(7) the voluntary or involuntary dissolution, winding up or termination of the Trust, except in connection with (i) the distribution of Securities to holders of Preferred Securities in liquidation or redemption of their interests in the Trust, (ii) the redemption of all of the outstanding Preferred Securities of the Trust or (iii) certain mergers, consolidations or amalgamations, each as permitted by the Declaration.

SECTION 5.02 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities may declare the principal of all the Outstanding Securities and any other amounts payable hereunder (including any Additional Payments) to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders); provided that, if the Property Trustee is the sole Holder of the Securities and if upon an Event of Default, the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities fail to declare the principal of all the Securities to be immediately due and payable, the holders of at least 25% in aggregate liquidation amount of Preferred Securities then outstanding shall have such right by a notice in writing to the Company and the Trustee; and upon any such declaration such principal and all accrued interest shall become immediately due and payable. Upon any such declaration such principal amount (or specified amount) of and the accrued interest (including any Additional Payments) on all the Securities shall then become immediately due and payable; provided that the

payment of principal and interest on such Securities (including Additional Payments) shall remain subordinated to the extent provided in Article XII.

At any time after such a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as provided in this Article hereinafter, the Holders of a majority in aggregate principal amount of the Outstanding Securities or of a majority in liquidation amount of Preferred Securities, as the case may be, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if:

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay:

(A) all overdue interest (including any Compounded Interest) on all Securities,

(B) the principal of any Securities which have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Securities, and

(C) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel;

and

(2) all Events of Default, other than the non-payment of the principal of Securities which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 5.13.

The Company is required to file annually with the Trustee a certificate as to whether or not the Company is in compliance with all the conditions and covenants applicable to it under this Indenture.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

SECTION 5.03 Collection of Indebtedness and Suits for Enforcement by Trustee.

The Company covenants that if

(1) default is made in the payment of any interest (including any Compounded Interest) on any Security when such interest becomes due and payable and such default continues for a period of 30 days, or

(2) default is made in the payment of the principal of any Security at the Stated Maturity thereof,

the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities for principal and interest (including any Additional Payments) and, to the extent that payment thereof shall be legally enforceable, interest on any overdue principal and on any overdue interest (including any Additional Sums), at the rate borne by the Securities, and, in addition thereto, all amounts owing to the Trustee under Section 6.07.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Company or any other obligor upon the Securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon the Securities, wherever situated.

If an Event of Default occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION 5.04 Trustee May File Proofs of Claim.

In case of any judicial proceeding relative to the Company (or any other obligor upon the Securities), its property or its creditors, the Trustee shall be entitled and empowered, by intervention in such proceeding or otherwise, to take any and all actions authorized under the Trust Indenture Act in order to have claims of the Holders and the Trustee allowed in any such proceeding. In particular, the Trustee shall be authorized to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it and any predecessor Trustee under Section 6.07.

No provision of this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 5.05 Trustee May Enforce Claims Without Possession of Securities.

All rights of action and claims under this Indenture or the Securities

may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of all the amounts owing to the Trustee and any predecessor Trustee under Section 6.07, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

SECTION 5.06 Application of Money Collected.

Subject to Article XII, any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or interest (including any Additional Payments), upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee and any predecessor Trustee under Section 6.07;

SECOND: To the payment of the amounts then due and unpaid for principal of and interest (including any Additional Payments) on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal and interest (including any Compounded Interest), respectively; and

THIRD: The balance, if any, to the Company.

SECTION 5.07 Limitation on Suits.

Subject to Section 5.08, no Holder of any Security shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default;

(2) the Holders of not less than 25% in aggregate principal amount of the Outstanding Securities shall have made written request to the Trustee to institute proceedings in respect of such Event of Default, in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities;

it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Holders.

SECTION 5.08 Unconditional Right of Holders to Receive Principal and Interest and to Convert.

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of and (subject to Section 3.08) interest (including any Additional Payments) on such Security on the respective Stated Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date) and to convert such Security in accordance with Article XIII and to institute suit for the enforcement of any such payment and right to convert, and such rights shall not be impaired without the consent of such Holder. Other than as described in the preceding sentence, Holders shall not have the right to exercise directly any remedies available to the Holders of the Securities unless there is a default under the Declaration.

SECTION 5.09 Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 5.10 Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 3.07, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or

employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 5.11 Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Security to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 5.12 Control by Holders.

The Holders of a majority in principal amount of the Outstanding Securities shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee; provided, that

- (1) such direction shall not be in conflict with any rule of law or with this Indenture;
- (2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.
- (3) subject to Section 6.01, the Trustee need not take any action that might involve the Trustee in personal liability or be unduly prejudicial to the Holders not joining therein.

SECTION 5.13 Waiver of Past Defaults.

Subject to Section 9.02 hereof, the Holders of not less than a majority in principal amount of the Outstanding Securities may on behalf of the Holders of all the Securities waive any past default hereunder and its consequences, except a default

- (1) in the payment of the principal of, premium, if any, or interest (including any Additional Payments) on any Security (unless such default has been cured and a sum sufficient to pay all matured installments of interest and principal due otherwise than by acceleration has been deposited with the Trustee); or
- (2) in respect of a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of the Holder of each Outstanding Security affected;

provided, however, that if the Securities are held by the Property Trustee, such waiver shall not be effective until the holders of a majority in liquidation amount of the Preferred Securities shall have consented to such waiver; and provided, further, that if the consent of the Holder of each outstanding Security is required, such waiver shall not be effective until each holder of the Preferred Securities shall have consented to such waiver.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon. If the Holders of a majority in principal amount of the Outstanding Securities fail to waive such Event of Default, the holders of a majority in liquidation amount of the Preferred Securities shall have such right. No such rescission shall affect any subsequent default or impair any right consequent thereon.

SECTION 5.14 Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, a court may require any party litigant in such suit to file an undertaking to pay the costs of such suit, and may assess costs against any such party litigant, in the manner and to the extent provided in the Trust Indenture Act; provided, that neither this Section nor the Trust Indenture Act shall be deemed to authorize any court to require such an undertaking or to make such an assessment in any suit instituted by the Company or the Trustee or in any suit for the enforcement of the right to receive the principal of and interest (including any Additional Payments) on any Security or to convert any Security in accordance with Article XIII.

SECTION 5.15 Waiver of Stay or Extension Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 5.16 Enforcement by Holders of Preferred Securities.

Notwithstanding anything to the contrary contained herein, if an Event of Default has occurred and is continuing and such event is attributable to the failure of the Company to pay interest or principal on the Securities on the date such interest or principal is otherwise payable, the Company acknowledges that, in such event, a holder of Preferred Securities may institute a legal proceeding directly for enforcement of payment to such Holder of the principal of or interest on the Securities having a principal amount equal to the

aggregate liquidation amount of the Preferred Securities of such Holder (a "Direct Action") on or after the respective due date specified in the Securities. The Company may not amend this Indenture to remove the foregoing right to bring a Direct Action without the prior written consent of all the holders of Preferred Securities. Notwithstanding any payment made to such holder of Preferred Securities by the Company in connection with a Direct Action, the Company shall remain obligated to pay the principal of and interest on the Securities (including Additional Payments, if any) held by the Trust or the Property Trustee and the Company shall be subrogated to the rights of the holder of such Preferred Securities with respect to payments on the Preferred Securities to the extent of any payments made by the Company to such holder in any Direct Action.

ARTICLE VI

THE TRUSTEE

SECTION 6.01 Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(b) In case an Event of Default has occurred and is continuing, and is known to the Trustee, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(c) Notwithstanding the foregoing, (i) the duties and responsibilities of the Trustee shall be as provided by the Trust Indenture Act and (ii) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 6.02 Notice of Defaults.

The Trustee shall give the Holders notice of any default hereunder known to the Trustee as and to the extent provided by the Trust Indenture Act; provided, however, that in the case of any default of the character specified in Section 5.01(3), no such notice to Holders shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

SECTION 6.03 Certain Rights of Trustee.

Subject to the provisions of Section 6.01:

(a) the Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(d) the Trustee may consult with counsel of its choice and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to reasonable examination of the books, records and premises of the Company, personally or by agent or attorney; the reasonable expense of every such investigation shall be paid by the Company or, if paid by the Trustee, shall be repaid by the Company upon demand, except any such expense as may be attributable to the Trustee's negligence or bad faith;

(g) the Trustee may execute any of the trusts or powers hereunder or

perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(h) the Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith, without negligence or willful misconduct, and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture; and

(i) the Trustee shall not be charged with knowledge of any default or Event of Default hereunder unless a Responsible Officer of the Trustee shall have knowledge of the default or Event of Default.

SECTION 6.04 Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. The Trustee shall not be accountable for the use or application by the Company of the Securities or the proceeds thereof.

SECTION 6.05 May Hold Securities.

The Trustee, any Paying Agent, any Security Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 6.08 and 6.13, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Paying Agent, Security Registrar, or such other agent.

SECTION 6.06 Money Held in Trust.

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed in writing with the Company.

SECTION 6.07 Compensation and Reimbursement.

The Company agrees:

(1) to pay to the Trustee from time to time such reasonable compensation as the Company and the Trustee shall from time to time agree in writing for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, fees, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith; and

(3) to indemnify the Trustee and any predecessor Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The Trustee shall notify the Company promptly of any claim asserted against the Trustee for which it may seek indemnity. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel; provided that the Company will not be required to pay such fees and expenses if it assumes the Trustee's defense and there is no conflict of interest between the Company and the Trustee in connection with such defense. The Company need not pay for any settlement made without its written consent. The Company need not reimburse any expense or indemnify against any loss or liability to the extent incurred by the Trustee through its negligence, bad faith or willful misconduct.

To secure the Company's payment obligations in this Section 6.07, the Company and the Holders agree that the Trustee shall have a lien prior to the Securities on all money or property held or collected by the Trustee. Such lien shall survive the satisfaction or discharge of this Indenture.

The provisions of this Section 6.07 shall survive the termination of this Indenture.

SECTION 6.08 Disqualification; Conflicting Interests.

If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture.

SECTION 6.09 Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be a Person that is eligible pursuant to the Trust Indenture Act to act as such and has a combined capital and surplus of at least \$50,000,000 and has its Corporate Trust Office in Wilmington, Delaware. If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Person shall be deemed to be its combined capital and

surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 6.10 Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 6.11.

(b) The Trustee may resign at any time by giving written notice thereof to the Company. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by Act of the Holders of a majority in principal amount of the Outstanding Securities, delivered to the Trustee and to the Company.

(d) If at any time:

(1) the Trustee shall fail to comply with Section 6.08 after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months; or

(2) the Trustee shall cease to be eligible under Section 6.09 and shall fail to resign after written request therefor by the Company or by any such Holder; or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, (i) the Company may remove the Trustee, or (ii) subject to Section 5.14, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Company, by a Board Resolution, shall promptly appoint a successor Trustee. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Company. If no successor Trustee shall have been so appointed by the Company or the Holders and accepted appointment in the manner hereinafter provided, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The Company shall give written notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to all Holders in the manner provided in Section 1.06. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office.

SECTION 6.11 Acceptance of Appointment by Successor.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; provided, that on request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder. Upon request of any such successor Trustee, the Company shall execute any and all instruments required to more fully and certainly vest in and confirm to such successor Trustee all such rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 6.12 Merger, Conversion, Consolidation or Succession to Business.

Any Person into which the Trustee may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any Person succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder; provided such Person shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

SECTION 6.13 Preferential Collection of Claims Against Company.

If and when the Trustee shall be or become a creditor of the Company (or any other obligor upon the Securities), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Company (or any such other obligor).

SECTION 6.14 Co-trustees and Separate Trustees.

At any time or times, for the purpose of meeting the legal requirements of any applicable jurisdiction, the Company and the Trustee shall have power to appoint, and, upon the written request of the Trustee or of the Holders of at least 25% in principal amount of the Securities then Outstanding, the Company shall for such purpose join with the Trustee in the execution and delivery of all instruments and agreements necessary or proper to appoint one or more Persons approved by the Trustee either to act as co-trustee, jointly with the Trustee, or to act as separate trustee, in either case with such powers as may be provided in the instrument of appointment, and to vest in such Person or Persons in the capacity aforesaid, any property, title, right or power deemed necessary or desirable, subject to the other provisions of this Section. If the Company does not join in such appointment within 30 days after the receipt by it of a request so to do, or if an Event of Default shall have occurred and be continuing, the Trustee alone shall have power to make such appointment.

Should any written instrument or instruments from the Company be required by any co-trustee or separate trustee so appointed to confirm to such co-trustee or separate trustee such property, title, right or power, any and all such instruments shall, on request, be executed, acknowledged and delivered by the Company.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following conditions:

(a) the Securities shall be authenticated and delivered, and all rights, powers, duties and obligations hereunder in respect of the custody of securities, cash and other personal property held by, or required to be deposited or pledged with, the Trustee hereunder, shall be exercised solely, by the Trustee;

(b) the rights, powers, duties and obligations hereby conferred or imposed upon the Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed either by the Trustee or by the Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or separate trustee;

(c) the Trustee at any time, by an instrument in writing executed by it, with the concurrence of the Company, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section, and, if an Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Company. Upon the written request of the Trustee, the Company shall join with the Trustee in the execution and delivery of all instruments and agreements, necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section;

(d) no co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of the Trustee, or any other such trustee hereunder; and

(e) any notice from the Holders of Securities delivered to the Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

ARTICLE VII

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

SECTION 7.01 Company to Furnish Trustee Names and Addresses of Holders.

The Company will furnish or cause to be furnished to the Trustee

(a) semiannually, not later than [January 15] and [July 15] in each year, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders as of a date not more than 15 days prior to the delivery thereof; and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished;

excluding from any such list names and addresses received by the Trustee in its capacity as Security Registrar.

SECTION 7.02 Preservation of Information; Communications to Holders.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Trustee as provided in Section 7.01 and the names and addresses of Holders received by the Trustee in its capacity as Security Registrar. The Trustee may destroy any list furnished to it as provided in

Section 7.01 upon receipt of a new list so furnished.

(b) The rights of Holders to communicate with other Holders with respect to their rights under this Indenture or under the Securities, and the corresponding rights and duties of the Trustee, shall be as provided by the Trust Indenture Act.

(c) Every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of either of them shall be held accountable by reason of any disclosure of information as to names and addresses of Holders made pursuant to the Trust Indenture Act.

SECTION 7.03 Reports by Trustee.

(a) The Trustee shall transmit by first-class mail to Holders such reports concerning the Trustee and its actions under this Indenture as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant thereto. Reports required to be transmitted at stated intervals of not more than 12 months shall be transmitted within 60 days after May 15 of each year commencing May 15, 2001.

(b) A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange upon which the Securities are listed, with the Commission and with the Company. The Company will notify the Trustee when the Securities are listed on any stock exchange.

SECTION 7.04 Reports by Company.

The Company shall file with the Trustee and the Commission, and transmit to Holders, such information, documents and other reports, and such summaries thereof, as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant to such Act; provided, that any such information, documents or reports required to be filed with the Commission pursuant to Section 13 or 15(d) of the Exchange Act shall be filed with the Trustee within 15 days after the same is so required to be filed with the Commission.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

SECTION 7.05 Tax Reporting.

The Company shall provide to the Trustee on a timely basis such information as the Trustee requires to enable the Trustee to prepare and file any form required to be submitted by the Company with the Internal Revenue Service and the Holders relating to original issue discount, including, without limitation, Form 1099-0ID or any successor form.

ARTICLE VIII

CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

SECTION 8.01 Company May Consolidate, Etc. Only on Certain Terms.

The Company shall not consolidate with or merge with or into any other Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, and no Person shall consolidate with or merge with or into the Company or convey, transfer or lease its properties and assets substantially as an entirety to the Company, unless:

(1) in case the Company shall consolidate with or merge with or into another Person or convey, transfer or lease all or substantially all of its properties and assets on a consolidated basis to any Person, the Person formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance, transfer or lease, all or substantially all of the properties and assets of the Company on a consolidated basis shall be a corporation, limited liability company, partnership or trust, shall be organized and validly existing under the laws of the United States of America, any State thereof or the District of Columbia and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, the due and punctual payment of the principal of and interest (including any Additional Payments) on all the Securities and the performance or observance of every covenant of this Indenture on the part of the Company to be performed or observed and shall have provided for conversion rights in accordance with Article XIII;

(2) immediately after giving effect to such transaction and treating any indebtedness which becomes an obligation of the Company or a Subsidiary as a result of such transaction as having been incurred by the Company or such Subsidiary at the time of such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing;

(3) if at the time any Preferred Securities are outstanding, such consolidation or merger or conveyance, transfer or lease of assets of the Company is permitted under, and does not give rise to any breach or violation of, the Declaration or the Guarantee; and

(4) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture, comply

with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

SECTION 8.02 Successor Substituted.

Upon any consolidation of the Company with, or merger of the Company into, any other Person or any conveyance, transfer or lease of all or substantially all the properties and assets of the Company on a consolidated basis to any Person in accordance with Section 8.01, the successor Person formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and covenants under this Indenture and the Securities.

ARTICLE IX

SUPPLEMENTAL INDENTURES

SECTION 9.01 Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another Person to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities; or

(2) to add to the covenants of the Company for the benefit of the Holders, or to surrender any right or power herein conferred upon the Company; or

(3) to make provision with respect to the conversion rights of Holders pursuant to the requirements of Article XIII; or

(4) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture which shall not be inconsistent with the provisions of this Indenture; provided, that such action pursuant to this clause (4) shall not adversely affect the interests of the Holders of the Securities or, so long as any of the Preferred Securities shall remain outstanding, the holders of the Preferred Securities;

(5) to comply with the requirements of the Commission in order to effect or maintain the qualification of this Indenture under the Trust Indenture Act; or

(6) to make provision for transfer procedures, certification, book-entry provisions, the form of restricted securities legends, if any, to be placed on Securities, and all other matters required pursuant to Section 3.06(b) or otherwise necessary, desirable or appropriate in connection with the issuance of Securities to holders of Preferred Securities in the event of a distribution of Securities by the Trust if a Tax Event or Investment Company Event (as defined in the Declaration) occurs and is continuing.

SECTION 9.02 Supplemental Indentures with Consent of Holders.

With the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby,

(1) extend the Stated Maturity of the principal of, or any installment of interest (including any Additional Payments) on, such Security, or reduce the principal amount thereof, or reduce the rate or extend the time for payment of interest thereon, or reduce any premium payable upon the redemption thereof, or change the place of payment where, or the coin or currency in which, such Security or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date), or adversely affect the right to convert such Security as provided in Article XIII (except as permitted by Section 9.01(3)), or modify the provisions of this Indenture with respect to the subordination of the Securities in a manner adverse to the Holders; provided that this clause (1) shall not be construed to limit the application of Section 3.13,

(2) reduce the percentage in principal amount of the Outstanding Securities, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences provided for in this Indenture, or

(3) modify any of the provisions of this Section or Section 5.13, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the

consent of the Holder of each Outstanding Security affected thereby.

Notwithstanding anything to the contrary in this Indenture or the Declaration, if the Property Trustee is the sole holder of the Securities, so long as any of the Preferred Securities remains outstanding, no amendment shall be made that adversely affects the holders of such Preferred Securities, and no termination of this Indenture shall occur, and no waiver of any Event of Default or compliance with any covenant under this Indenture shall be effective, without the prior consent of the holders of the percentage of the aggregate liquidation amount of such Preferred Securities then outstanding which is at least equal to the percentage of aggregate stated principal amount of the Outstanding Securities as shall be required under this Indenture to effect any such amendment, termination or waiver.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Persons entitled to consent to any indenture supplemental hereto. If a record date is fixed, the Holders on such record date, or their duly designated proxies, and only such Persons, shall be entitled to consent to such supplemental indenture, whether or not such Holders remain Holders after such record date; provided, that unless such consent shall have become effective by virtue of the requisite percentage having been obtained prior to the date which is 90 days after such record date, any such consent previously given shall automatically and without further action by any Holder be canceled and of no further effect.

SECTION 9.03 Execution of Supplemental Indentures.

In executing or accepting the additional trusts created by any supplemental indenture permitted by this Article or the modifications thereby of the trust created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 6.01) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 9.04 Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 9.05 Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act.

SECTION 9.06 Reference in Securities to Supplemental Indentures.

Securities authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture, may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities.

ARTICLE X

COVENANTS; REPRESENTATIONS AND WARRANTIES

SECTION 10.01 Payment of Principal and Interest.

The Company will duly and punctually pay the principal of (and premium, if any) and interest on the Securities in accordance with the terms of the Securities and this Indenture.

SECTION 10.02 Maintenance of Office or Agency.

The Company will maintain in the United States an office or agency where Securities may be presented or surrendered for payment, where Securities may be surrendered for registration of transfer, exchange or conversion, and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies (in the United States) where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the United States for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 10.03 Money for Security Payments to Be Held in Trust.

If the Company shall at any time act as its own Paying Agent, it will, on or before each due date of the principal of or interest on any of the Securities, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal or interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents, it will, prior to each due date of the principal of or interest on any Securities, deposit with a Paying Agent a sum sufficient to pay the principal or interest so becoming due, such sum to be held as provided by the Trust Indenture Act, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will (i) comply with the provisions of the Trust Indenture Act applicable to it as a Paying Agent and (ii) during the continuance of any default by the Company (or any other obligor upon the Securities) in the making of any payment in respect of the Securities, upon the written request of the Trustee, forthwith pay to the Trustee all sums held in trust by such Paying Agent as such.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of or interest on any Security and remaining unclaimed for two years after such principal or interest has become due and payable, shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of any such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease.

SECTION 10.04 Statement by Officers as to Default.

The Company will deliver to the Trustee, within 120 days after the end of each fiscal year of the Company ending after the date hereof, an Officers' Certificate, stating whether or not to the best knowledge of the signers thereof the Company is in default in the performance and observance of any of the material terms, provisions and conditions of this Indenture (without regard to any period of grace or requirement of notice provided hereunder) and, if the Company shall be in default, specifying all such defaults and the nature and status thereof of which they may have knowledge.

SECTION 10.05 Limitation on Dividends; Transactions with Affiliates; Covenants as to the Trust.

(a) If at such time (x) there shall have occurred an Event of Default, (y) the Company shall be in default with respect to its payment of any obligations under the Guarantee or (z) the Company shall have given notice of its election to begin a Deferral Period as provided herein and shall not have rescinded such notice, or such Deferral Period shall be continuing, the Company covenants that the Company shall not (i) declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any of the Company's capital stock (which includes common and preferred stock) other than stock dividends which consist of stock of the same class as that on which the dividends are being paid, (ii) make any payment of principal, interest or premium, if any, on or repay or repurchase or redeem any debt securities of the Company that rank pari passu with or junior in interest to the Securities or (iii) make any guarantee payments with respect to any guarantee by the Company of the debt securities of any subsidiary of the Company if such guarantee ranks pari passu with or junior in interest to the Securities (in each case, other than (A) dividends or distributions in Class B Common Stock, (B) any declaration of a dividend in connection with the implementation of a stockholders' rights plan, or the issuance of stock under any such plan in the future, or the redemption or repurchase of any such rights pursuant thereto, (C) payments under the Guarantee, (D) purchases or acquisitions of shares of the Class B Common Stock in connection with the satisfaction by the Company of its obligations under any employee benefit plan or any other contractual obligation of the Company (other than a contractual obligation ranking pari passu with or junior in interest to the Securities), (E) as a result of a reclassification of the Company's capital stock or the exchange or conversion of one class or series of the Company's capital stock for another class or series of the Company's capital stock or (F) the purchase of fractional interests in shares of the Company's capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged).

(b) The Company also covenants and agrees (i) for so long as the Preferred Securities remain outstanding, (a) to maintain directly or indirectly 100% ownership of the Common Securities, provided that certain successor Persons in transactions which are permitted by Article VIII may succeed to the Company's ownership of the Common Securities, (b) not to voluntarily terminate, wind-up or liquidate the Trust, except in connection with (I) a distribution of the Securities to the holders of the Trust Securities in liquidation of the Trust, (II) the redemption of all Trust Securities or (III) certain mergers,

consolidations or amalgamations permitted by the Declaration, and (c) not to convert Securities except pursuant to a notice of conversion delivered to the Conversion Agent by a Holder or by a holder of Preferred Securities, (ii) to use its reasonable efforts, consistent with the terms and provisions of the Declaration, to cause the Trust to remain classified as a grantor trust and not taxable as a corporation for United States federal income tax purposes, (iii) to maintain the reservation for issuance of the number of shares of Class B Common Stock that would be required from time to time upon the conversion of all the Securities then outstanding, (iv) to deliver shares of Class B Common Stock upon an election by a Holder to convert such Securities (or by a holder of Preferred Securities to convert such securities) into or for Class B Common Stock, and (v) to honor all obligations relating to the conversion or exchange of Preferred Securities into or for Class B Common Stock or Securities.

SECTION 10.06 Payment of Expenses of the Trust.

In connection with the offering, sale and issuance of the Securities to the Property Trustee in connection with the sale of the Trust Securities by the Trust, the Company shall:

(a) pay for all costs, fees and expenses relating to the offering, sale and issuance of the Securities, including commissions to the Initial Purchasers payable pursuant to the Purchase Agreement and compensation of the Trustee under the Indenture in accordance with the provisions of Section 6.07 of the Indenture;

(b) be responsible for and pay for all debts and obligations (other than with respect to the Trust Securities) of the Trust, pay for all costs and expenses of the Trust (including, but not limited to, costs and expenses relating to the organization of the Trust, the offering, sale and issuance of the Trust Securities (including commissions to the Initial Purchasers in connection therewith), the fees and expenses of the Property Trustee and the Delaware Trustee, the costs and expenses relating to the operation of the Trust, including without limitation, costs and expenses of accountants, attorneys, statistical or bookkeeping services, expenses for printing and engraving and computing or accounting equipment, paying agent(s), registrar(s), transfer agent(s), duplicating, travel and telephone and other telecommunications expenses and costs and expenses incurred in connection with the acquisition, financing, and disposition of Trust assets); and

(c) pay any and all taxes (other than United States withholding taxes attributable to the Trust or its assets) and all liabilities, costs and expenses with respect to such taxes of the Trust.

SECTION 10.07 Registration Rights.

The holders of the Preferred Securities, the Securities, the Guarantee and the shares of Class B Common Stock of the Company issuable upon conversion of the Securities (collectively, the "Registrable Securities") are entitled to the benefits of a Registration Rights Agreement, dated as of November 10, 2000, among the Company, the Trust and the Initial Purchasers (the "Registration Rights Agreement"). Pursuant to the Registration Rights Agreement the Company and the Trust have agreed for the benefit of the holders of the Registrable Securities that (i) they will, at the Company's sole expense, prior to 90 days after the First Closing Date (as defined in the Registration Rights Agreement), file a shelf registration statement (the "Shelf Registration Statement") with the Commission with respect to resales of the Registrable Securities, (ii) they will use their best efforts to cause such Shelf Registration Statement to be declared effective under the Securities Act prior to 180 days after the First Closing Date and (iii) they will use their best efforts to maintain such Registration Statement continuously effective under the Securities Act (subject to certain exceptions under the Registration Rights Agreement) until the second anniversary of the effectiveness of the Shelf Registration Statement or such other period as shall be required under Rule 144(k) thereunder or any successor rule or regulation thereto or such earlier date as is provided in the Registration Rights Agreement. If the Company fails to comply with either of clauses (ii) or (iii) above, subject to certain exceptions provided in the Registration Rights Agreement, (a "Registration Default") then, at such time, the Applicable Rate will increase by 50 basis points (.50%). Such increase will remain in effect from and including the date on which any such Registration Default shall occur to but excluding the date on which all Registration Defaults have been cured, on which date the interest rate on the Securities will revert to the interest rate originally borne by the Securities.

ARTICLE XI

REDEMPTION OF SECURITIES

SECTION 11.01 Optional Redemption.

The Company shall have the right to redeem the Securities (an "Optional Redemption") in whole or in part, at any time or from time to time on or after November 20, 2003, at a Redemption Price (the "Optional Redemption Price") equal to the prices per \$50 principal amount of Securities set forth in the following table, plus accrued and unpaid interest, including Additional Payments, if any, to the Redemption Date, if redeemed during the 12-month period ending on November 19:

Year	Price Per \$50 Principal Amount
-----	-----
2004.....	\$51.50
2005.....	\$51.00
2006.....	\$50.50
2007.....	\$50.00

and thereafter at \$50 per \$50 principal amount of the Securities plus, in each

case, any accrued and unpaid interest, including Additional Payments, if any, to the Redemption Date. The Company shall not exercise its Optional Redemption right during a Deferral Period unless all accrued and unpaid interest, including Additional Payments, if any, to the Interest Payment Date immediately preceding the Redemption Date shall have been paid in full on or before the date on which notice of such redemption has been given.

SECTION 11.02 Tax Event Redemption.

If a Tax Event has occurred and is continuing and:

(1) the Company has received a Redemption Tax Opinion; or

(2) the Issuer Trustees shall have been informed by nationally recognized independent tax counsel (reasonably acceptable to the Issuer Trustees) experienced in such matters that a No Recognition Opinion cannot be delivered,

then the Company shall have the right upon not less than 20 days, nor more than 60 days, notice to the Holders of the Securities to redeem the Securities in whole, but not in part, for cash at \$50 per \$50 principal amount of the Securities plus accrued and unpaid interest, including Additional Payments, if any, to the Redemption Date, within 90 days following the occurrence of such Tax Event (the "90 Day Period"); provided, however, that if, at the time there is available to the Company or the Trust the opportunity to eliminate, within the 90 Day Period, the Tax Event by taking some ministerial action, including, but not limited to, filing a form or making an election, or pursuing some other similar reasonable measure which, in the sole judgment of the Company, will have no adverse effect on the Company, the Trust or the Holders of the Preferred Securities and will involve no material cost, then the Company or the Trust shall pursue such ministerial action or other measure in lieu of redemption; and provided further that the Company shall have no right to redeem the Securities while the Trust is pursuing any ministerial action or other similar measure pursuant to its obligations under the Declaration.

If the Company opts not to redeem the Securities pursuant to this Section 11.02, the Company shall be required to pay Additional Sums in respect of the Securities pursuant to Section 3.01 for so long as (i) a Tax Event has occurred and is continuing and (ii) the Property Trustee is the sole Holder of the Securities.

SECTION 11.03 Selection by Trustee of Securities to Be Redeemed.

If less than all the Securities are to be redeemed (unless such redemption affects only a single Security), the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee by such method as the Trustee shall deem fair and appropriate, from the Outstanding Securities not previously called for redemption. Such selection method may provide for the selection for redemption of portions (equal to \$50 or any integral multiple thereof) of the principal amount of the Securities.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption as aforesaid and, in case of any Securities selected for partial redemption as aforesaid, the principal amount thereof to be redeemed.

The provisions of the two preceding paragraphs shall not apply with respect to any redemption affecting only a single Security, whether such Security is to be redeemed in whole or in part. In the case of any such redemption in part, the unredeemed portion of the principal amount of the Security shall be in an authorized denomination (which shall not be less than the minimum authorized denomination) for such Security.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

SECTION 11.04 Notice of Redemption.

Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 20 nor more than 60 days prior to the Redemption Date, to each Holder of Securities to be redeemed, at such Holder's address appearing in the Security Register.

All notices of redemption given pursuant to this Article XI shall identify the Securities to be redeemed (including, if relevant, CUSIP number) and shall state:

(1) the Redemption Date,

(2) the Redemption Price,

(3) that on the Redemption Date the Redemption Price will become due and payable upon each such Security to be redeemed and that interest thereon will cease to accrue on and after said date,

(4) the place or places where such Securities are to be surrendered for payment of the Redemption Price,

(5) the date on which the right to convert the Securities to be redeemed will terminate and the places where such Securities may be surrendered for conversion, and

(6) if less than all Outstanding Securities are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the particular Securities to be redeemed.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company.

SECTION 11.05 Deposit of Redemption Price.

Prior to 12:00 noon on any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 10.03) an amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Securities which are to be redeemed on that date.

If any Security called for redemption is converted, any money deposited with the Trustee or with any Paying Agent or so segregated and held in trust for the redemption of such Security shall (subject to any right of the Holder of such Security or any Predecessor Security to receive interest as provided in the last paragraph of Section 3.08) be paid to the Company upon Company Request or, if then held by the Company, shall be discharged from such trust.

SECTION 11.06 Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price; provided, however, that installments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to the terms and the provisions of Section 3.08. In the event that any date on which any Redemption Price is payable is not a Business Day, then payment of the Redemption Price payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, with the same force and effect as if made on such date.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the Redemption Date at the rate borne by the Security.

SECTION 11.07 Securities Redeemed in Part.

(a) In the event of any redemption in part, the Company shall not be required (i) to issue, register the transfer of or exchange any Security during a period beginning at the opening of business 15 days before the date of the mailing of a notice of redemption of Securities selected for redemption and ending at the close of business on the earliest date on which the notice of resumption is deemed to have been given to all Holders of Securities to be redeemed and (ii) to register the transfer of or exchange any Securities so selected for redemption, in whole or in part, except for the unredeemed portion of any Securities being redeemed in part.

(b) If a partial redemption of the Securities would result in the delisting of the Preferred Securities issued by the Trust from any national securities exchange or other organization on which the Preferred Securities are listed, the Company shall not be permitted to effect such partial redemption and may only redeem the Securities in whole.

(c) Any Security which is to be redeemed only in part shall be surrendered at a place of payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and make available for delivery to the Holder of such Security without service charge, a new Security or Securities, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered. If a Global Security is surrendered, such new Security will (subject to Section 3.06) also be a new Global Security.

ARTICLE XII

SUBORDINATION OF SECURITIES

SECTION 12.01 Agreement to Subordinate.

The Company covenants and agrees, and each Holder of Securities by such Holder's acceptance thereof likewise covenants and agrees, that all Securities shall be issued subject to the provisions of this Article XII; and each Holder of a Security, whether upon original issue or upon transfer or assignment thereof, accepts and agrees to be bound by such provisions. The payment by the Company of the principal of, premium, if any, and interest (including Additional Payments) on all Securities issued hereunder shall, to the extent and in the manner hereinafter set forth, be subordinated and junior in right of payment to the prior payment in full of all Senior Obligations, whether outstanding at the date of this Indenture or thereafter incurred; provided, however, that no provision of this Article XII shall prevent the occurrence of any default or Event of Default hereunder.

SECTION 12.02 Default on Senior Obligations.

In the event and during the continuation of any default by the Company

in the payment of principal, premium, interest or any other payment due on any Senior Obligations continuing beyond the period of grace, if any, specified in the instrument evidencing such Senior Obligations, unless and until such default shall have been cured or waived or shall have ceased to exist, and in the event that the maturity of any Senior Obligations has been accelerated because of a default, then no payment shall be made by the Company with respect to the principal of (including redemption payments), premium, if any, or interest on the Securities.

In the event that, notwithstanding the foregoing, any payment shall be received by the Trustee when such payment is prohibited by the preceding paragraph of this Section 12.02, subject to Section 12.06, such payment shall be held in trust for the benefit of, and shall be paid over or delivered to, the holders of Senior Obligations or their respective representatives, or to the trustee or trustees under any indenture pursuant to which any of such Senior Obligations may have been issued, as their respective interests may appear, but only to the extent that the holders of the Senior Obligations (or their representative or representatives or a trustee) notify the Trustee in writing within 90 days of such payment of the amounts then due and owing on the Senior Obligations and only the amounts specified in such notice to the Trustee shall be paid to the holders of Senior Obligations.

SECTION 12.03 Liquidation; Dissolution; Bankruptcy.

Upon any payment by the Company or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to creditors upon any dissolution or winding up or liquidation or reorganization of the Company, whether voluntary or involuntary, or in bankruptcy, insolvency, receivership or other proceedings, all amounts (including principal, premium, if any, and interest) due or to become due upon all Senior Obligations (including any interest accruing subsequent to the filing of a petition for bankruptcy regardless of whether such interest is an allowed claim in the bankruptcy proceeding) shall first be paid in full in cash, or payment thereof provided for in money in accordance with and to the extent permitted by the terms of such Senior Obligations, before any payment is made on account of the principal (and premium, if any) or interest on the Securities; and upon any such dissolution or winding up or liquidation or reorganization, any payment by the Company, or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to which the Holders of the Securities or the Trustee would be entitled, except for the provisions of this Article XII, shall be paid by the Company or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making such payment or distribution, or by the Holders of the Securities or by the Trustee under this Indenture if received by them or it, directly to the holders of Senior Obligations (pro rata to such holders on the basis of the respective amounts of Senior Obligations held by such holders, as calculated by the Company) or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing such Senior Obligations may have been issued, as their respective interests may appear, to the extent necessary to pay such Senior Obligations in full, in cash or in money's worth in accordance with and to the extent permitted by the terms of such Senior Obligations, after giving effect to any concurrent payment or distribution to or for the holders of such Senior Obligations, before any payment or distribution is made to the Holders of Securities or to the Trustee.

In the event that, notwithstanding the foregoing, any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, prohibited by the foregoing shall be received by the Trustee or the Holders of the Securities before all Senior Obligations is paid in full in cash, or provision is made for such payment in money in accordance and to the extent permitted by the terms of such Senior Obligations subject to Section 12.06, such payment or distribution shall be held in trust for the benefit of and shall be paid over or delivered to the holders of Senior Obligations or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing such Senior Obligations may have been issued, and their respective interests may appear, as calculated by the Company, for application to the payment of all Senior Obligations remaining unpaid to the extent necessary to pay such Senior Obligations in full in cash or in money's worth in accordance with and to the extent permitted by the terms of such Senior Obligations, after giving effect to any concurrent payment or distribution to or for the holders of such Senior Obligations.

For purposes of this Article XII, the words, "cash, property or securities" shall not be deemed to include shares of stock of the Company as reorganized or readjusted, or securities of the Company or any other corporation provided for by a plan of reorganization or readjustment, the payment of which is subordinated at least to the extent provided in this Article XII with respect to the Securities to the payment of all Senior Obligations which may at the time be outstanding; provided that (i) such Senior Obligations is assumed by the new corporation, if any, resulting from any such reorganization or readjustment, and (ii) the rights of the holders of such Senior Obligations are not, without the consent of such holders, altered by such reorganization or readjustment. The consolidation of the Company with, or the merger of the Company with or into, another Person or the liquidation or dissolution of the Company following the conveyance, transfer or lease of all or substantially all its properties and assets on a consolidated basis to another Person upon the terms and conditions provided for in Article VIII hereof shall not be deemed a dissolution, winding up, liquidation or reorganization for the purposes of this Section 12.03 if such other Person shall, as a part of such consolidation, merger, conveyance, transfer or lease, comply with the conditions stated in Article VIII hereof. Nothing in Section 12.02 or in this Section 12.03 shall apply to claims of, or payments to, the Trustee under or pursuant to Section 6.07 hereof.

SECTION 12.04 Subrogation.

Subject to the prior payment in full of all Senior Obligations in cash or in money's worth in accordance with and to the extent permitted by the terms

of such Senior Obligations, the rights of the Holders of the Securities shall be subrogated to the rights of the holders of such Senior Obligations to receive payments or distributions of cash, property or securities of the Company, as the case may be, applicable to such Senior Obligations until the principal of (and premium, if any) and interest on the Securities shall be paid in full; and, for the purposes of such subrogation, no payments or distributions to the holders of such Senior Obligations of any cash, property or securities to which the Holders of the Securities or the Trustee would be entitled except for the provisions of this Article XII, and no payment pursuant to the provisions of this Article XII, to or for the benefit of the holders of such Senior Obligations by Holders of the Securities or the Trustee, shall, as between the Company, its creditors other than holders of Senior Obligations, and the Holders of the Securities, be deemed to be a payment by the Company to or on account of such Senior Obligations. It is understood that the provisions of this Article XII are and are intended solely for the purposes of defining the relative rights of the Holders of the Securities, on the one hand, and the holders of such Senior Obligations on the other hand.

Nothing contained in this Article XII or elsewhere in this Indenture or in the Securities is intended to or shall impair, as between the Company, its creditors other than the holders of Senior Obligations, and the Holders of the Securities, the obligation of the Company, which is absolute and unconditional, to pay to the Holders of the Securities the principal of (and premium, if any) and interest on the Securities as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders of the Securities and creditors of the Company, as the case may be, other than the holders of Senior Obligations, nor shall anything herein or therein prevent the Trustee or the Holder of any Security from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article XII of the holders of such Senior Obligations in respect of cash, property or securities of the Company, as the case may be, received upon the exercise of any such remedy.

Upon any payment or distribution of assets of the Company referred to in this Article XII, the Trustee, subject to the provisions of Section 6.03, and the Holders of the Securities shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which such dissolution, winding up, liquidation or reorganization proceedings are pending, or a certificate of the receiver, trustee in bankruptcy, liquidation trustee, agent or other Person making such payment or distribution, delivered to the Trustee or to the Holders of the Securities, for the purposes of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Obligations and other indebtedness of the Company, as the case may be, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article XII.

SECTION 12.05 Trustee to Effectuate Subordination.

Each Holder of Securities by such Holder's acceptance thereof authorizes and directs the Trustee on such Holder's behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article XII and appoints the Trustee as such Holder's attorney-in-fact for any and all such purposes.

SECTION 12.06 Notice by the Company.

The Company shall give prompt written notice to a Responsible Officer of the Trustee of any fact known to the Company which would prohibit the making of any payment of monies to or by the Trustee in respect of the Securities pursuant to the provisions of this Article XII. Notwithstanding the provisions of this Article XII or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment of monies to or by the Trustee in respect of the Securities pursuant to the provisions of this Article XII unless and until a Responsible Officer of the Trustee shall have received written notice thereof at the Corporate Trust Office of the Trustee from the Company or a holder or holders of Senior Obligations or from any trustee therefor; and before the receipt of any such written notice, the Trustee, subject to the provisions of Section 6.03 hereof, shall be entitled in all respects to assume that no such facts exist; provided, however, that if the Trustee shall not have received the notice provided for in this Section 12.06 at least five Business Days prior to the date upon which by the terms hereof any money may become payable for any purpose (including, without limitation, the payment of the principal of (and premium, if any) or interest on any Security), then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such money and to apply the same to the purposes for which it was received, and shall not be affected by any notice to the contrary which may be received by it within five Business Days prior to such date.

The Trustee, subject to the provisions of Section 6.03, shall be entitled to rely on the delivery to it of a written notice by a Person representing himself to be a holder of Senior Obligations (or a trustee on behalf of such holder) to establish that such notice has been given by a holder of such Senior Obligations or a trustee on behalf of any such holder or holders. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Obligations to participate in any payment or distribution pursuant to this Article XII, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Obligations held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the right of such Person under this Article XII, and, if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

SECTION 12.07 Rights of the Trustee; Holders of Senior Obligations.

The Trustee in its individual capacity shall be entitled to all the

rights set forth in this Article XII in respect of any Senior Obligations at any time held by it, to the same extent as any other holder of Senior Obligations, and nothing in this Indenture shall deprive the Trustee of any of its rights as such holder.

With respect to the holders of Senior Obligations of the Company, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are set forth in this Article XII, and no implied covenants or obligations with respect to the holders of such Senior Obligations shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of such Senior Obligations and, subject to the provisions of Section 6.03, the Trustee shall not be liable to any holder of such Senior Obligations if it shall pay over or deliver to Holders of Securities, the Company or any other Person money or assets to which any holder of such Senior Obligations shall be entitled by virtue of this Article XII or otherwise, unless such payment is made as a result of the willful misconduct or gross negligence of the Trustee.

SECTION 12.08 Subordination May Not Be Impaired.

No right of any present or future holder of any Senior Obligations to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof which any such holder may have or otherwise be charged with.

Without in any way limiting the generality of the foregoing paragraph, the holders of Senior Obligations may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders of the Securities, without incurring responsibility to the holders of the Securities and without impairing or releasing the subordination provided in this Article XII or the obligations hereunder of the Holders of the Securities to the holders of Senior Obligations, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, such Senior Obligations, or otherwise amend or supplement in any manner such Senior Obligations or any instrument evidencing the same or any agreement under which such Senior Obligations is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing such Senior Obligations; (iii) release any Person liable in any manner for the collection of such Senior Obligations; and (iv) exercise or refrain from exercising any rights against the Company and any other Person.

ARTICLE XIII

CONVERSION OF SECURITIES

SECTION 13.01 Conversion Rights.

Subject to and upon compliance with the provisions of this Article, the Securities are convertible, at the option of the Holder, at any time prior to 5:00 p.m. New York City time on the Business Day immediately preceding November 15, 2030 into fully paid and nonassessable shares of Class B Common Stock at an initial conversion price of \$60 principal amount of Securities per share of Class B Common Stock (the "Initial Conversion Price") for each \$50 in aggregate principal amount of Securities (equal to an initial conversion ratio of approximately 0.8333 shares of Class B Common Stock for each \$50 in aggregate principal amount of Securities). The conversion price in effect at any given time is known as the "Applicable Conversion Price" and is subject to adjustment as described in this Article XIII. A Holder of Securities may convert any portion of the principal amount of the Securities into that number of fully paid and nonassessable shares of Class B Common Stock (calculated as to each conversion to the nearest 1/100th of a share) obtained by dividing the principal amount of the Securities to be converted by the Applicable Conversion Price. In case a Security or portion thereof is called for redemption, such conversion right in respect of the Security or portion so called shall expire at the close of the Business Day immediately preceding the corresponding Redemption Date, unless the Company defaults in making the payment due upon redemption.

SECTION 13.02 Conversion Procedures.

(a) In order to convert all or a portion of the Securities, the Holder thereof shall deliver to the Conversion Agent an irrevocable Notice of Conversion setting forth the principal amount of Securities to be converted, together with the name or names, if other than the Holder, in which the shares of Class B Common Stock should be issued upon conversion and, if such Securities are definitive Securities, surrender to the Conversion Agent the Securities to be converted, duly endorsed or assigned to the Company or in blank. In addition, a holder of Preferred Securities may exercise its right under the Declaration to convert such Preferred Securities into Class B Common Stock by delivering to the Conversion Agent an irrevocable Notice of Conversion setting forth the information called for by the preceding sentence and directing the Conversion Agent (i) to exchange such Preferred Security for a portion of the Securities held by the Trust (at an exchange rate of \$50 principal amount of Securities for each Preferred Security) and (ii) to immediately convert such Securities, on behalf of such holder, into Class B Common Stock of the Company pursuant to this Article XIII and, if such Preferred Securities are in definitive form, surrendering such Preferred Securities, duly endorsed or assigned to the Company or in blank. So long as any Preferred Securities are outstanding, the Trust shall not convert any Securities except pursuant to a Notice of Conversion duly executed and delivered to the Conversion Agent by a holder of Preferred Securities.

If a Notice of Conversion is delivered on or after the Regular Record Date and prior to the subsequent Interest Payment Date, the Holder will be entitled to receive the interest payable on the subsequent Interest Payment Date on the portion of Securities to be converted notwithstanding the conversion

thereof prior to such Interest Payment Date. Except as otherwise provided in the immediately preceding sentence, in the case of any Security which is converted, interest whose Stated Maturity is after the date of conversion of such Security shall not be payable, and the Company shall not make nor be required to make any other payment, adjustment or allowance with respect to accrued but unpaid interest on the Securities being converted, which shall be deemed to be paid in full. Each conversion shall be deemed to have been effected immediately prior to the close of business on the day on which the Notice of Conversion was received (the "Conversion Date") by the Conversion Agent from the Holder or from a holder of the Preferred Securities effecting a conversion thereof pursuant to its conversion rights under the Declaration, as the case may be. The Person or Persons entitled to receive the Class B Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Class B Common Stock as of the Conversion Date and such Person or Persons will cease to be a record Holder or record Holders of the Securities on that date; provided, however, that if the transfer books of the Company Class B Common Stock shall be closed on said Conversion Date, the Company shall not be required to issue any shares on such conversion until the date on which such transfer books shall be reopened and such Person or Persons shall not be deemed to have become the holder or holders of record of such shares until the date on which such transfer books shall be reopened, but such conversion shall nevertheless be effected when such transfer books shall be reopened at the Conversion Price in effect on and otherwise as the date on which such Security shall have been surrendered to and such Notice of Conversion received by the Company as aforesaid. As promptly as practicable on or after the Conversion Date, the Company shall issue and deliver at the office of the Conversion Agent, unless otherwise directed by the Holder in the Notice of Conversion, a certificate or certificates for the number of full shares of Class B Common Stock issuable upon such conversion, together with the cash payment, if any, in lieu of any fraction of any share to the Person or Persons entitled to receive the same. The Conversion Agent shall deliver such certificate or certificates to such Person or Persons.

(b) Subject to any right of the Holder of such Security or any Predecessor Security to receive interest as provided in the last paragraph of Section 3.08 and the second paragraph of clause (a) of Section 13.02, the Company's delivery upon conversion of the whole number of shares of Class B Common Stock into which the Securities are convertible (together with the cash payment, if any, in lieu of fractional shares) shall be deemed to satisfy the Company's obligation to pay the principal amount at Maturity of the portion of Securities so converted and any unpaid interest (including Additional Payments) accrued on such Securities at the time of such conversion.

(c) No fractional shares of Class B Common Stock will be issued as a result of conversion, but in lieu thereof, the Company shall pay to the Conversion Agent a cash adjustment in an amount equal to the same fraction of the Closing Price of such fractional interest on the date on which the Securities or Preferred Securities, as the case may be, were duly surrendered to the Conversion Agent for conversion, or, if such day is not a Trading Day, on the next Trading Day, and the Conversion Agent in turn will make such payment, if any, to the Holder of the Securities or the holder of the Preferred Securities so converted.

(d) In the event of the conversion of any Security in part only, a new Security or Securities for the unconverted portion thereof will be issued in the name of the Holder thereof upon the cancellation thereof in accordance with Section 3.06.

(e) In effecting the conversion transactions described in this Section, the Conversion Agent is acting as agent of the holders of Preferred Securities (in the exchange of Preferred Securities for Securities) and as agent of the Holders of Securities (in the conversion of Securities into Class B Common Stock), as the case may be, directing it to effect such conversion transactions. The Conversion Agent is hereby authorized (x) if the Trust exists, (i) to exchange Securities held by or on behalf of the Trust from time to time for Preferred Securities in connection with the conversion of such Preferred Securities in accordance with this Article XIII and (ii) to convert all or a portion of the Securities into Class B Common Stock and thereupon to deliver such shares of Class B Common Stock in accordance with the provisions of this Article XIII and to deliver to the Trust a new Security or Securities for any Securities held by the Holders and not converted in connection with the conversion of such Securities in accordance with this Article XIII and (y) if the Trust has been dissolved and the Securities have been distributed to the holders of the Preferred Securities, to convert all or a portion of the Securities into Class B Common Stock and thereupon to deliver such shares of Class B Common Stock in accordance with the provisions of this Article XIII and to deliver to such Holders a new Security or Securities for any resulting unconverted principal amount.

(f) All shares of Class B Common Stock delivered upon any conversion of Restricted Securities shall bear a restrictive legend substantially in the form of the legend required to be set forth on such Securities and shall be subject to the restrictions on transfer provided in such legend and in Section 3.06(b) hereof. Neither the Trustee nor the Conversion Agent shall have any responsibility for the inclusion or content of any such restrictive legend on such Class B Common Stock; provided, however, that the Trustee or the Conversion Agent shall have provided to the Company or to the Company's transfer agent for such Class B Common Stock, prior to or concurrently with a request to the Company to deliver to such Conversion Agent certificates for such Class B Common Stock, written notice that the Securities delivered for conversion are Restricted Securities.

SECTION 13.03 Conversion Price Adjustments.

The Applicable Conversion Price shall be subject to adjustment (without duplication) from time to time as follows:

(i) In case the Company shall pay a dividend or make a distribution on

the Class B Common Stock exclusively in Class B Common Stock, the Applicable Conversion Price in effect at the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be reduced by multiplying such Applicable Conversion Price by a fraction of which the numerator shall be the number of shares of Class B Common Stock outstanding at the close of business on the date fixed for such determination and the denominator shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution, such reduction to become effective immediately after the opening of business on the day following the date fixed for such determination. For the purposes of this subparagraph (i), the number of shares of Class B Common Stock at any time outstanding shall not include shares held in the treasury of the Company. The Company shall not pay any dividend or make any distribution exclusively in Class B Common Stock on shares of any class or series of capital stock of the Company held in the treasury of the Company. In the event that such dividend or distribution is not so paid or made, the Applicable Conversion Price shall again be adjusted to be the Applicable Conversion Price which would then be in effect if such dividend or distribution had not occurred.

(ii) In case the Company shall pay or make a dividend or other distribution on its Class B Common Stock consisting exclusively of, or shall otherwise issue to all holders of its Class B Common Stock, rights or warrants, in each case entitling the holders thereof to subscribe for or purchase shares of Class B Common Stock at a price per share less than the current market price per share (determined as provided in subparagraph (vii)) of the Class B Common Stock on the date fixed for the determination of stockholders entitled to receive such rights or warrants, the Applicable Conversion Price in effect at the opening of business on the day following the date fixed for such determination shall be reduced by multiplying such Applicable Conversion Price by a fraction of which the numerator shall be the number of shares of Class B Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Class B Common Stock which the aggregate of the offering price of the total number of shares of Class B Common Stock so offered for subscription or purchase would purchase at such current market price and the denominator shall be the number of shares of Class B Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Class B Common Stock so offered for subscription or purchase, such reduction to become effective immediately prior to the opening of business on the day following the date fixed for such determination. To the extent that rights are not so issued or shares of Class B Common Stock are not so delivered after the expiration of such rights or warrants, the Applicable Conversion Price shall be readjusted to the Applicable Conversion Price which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. For the purposes of this subparagraph (ii), the number of shares of Class B Common Stock at any time outstanding shall not include shares held in the treasury of the Company. In case any rights or warrants referred to in this subparagraph (ii) in respect of which an adjustment shall have been made shall expire unexercised within 45 days after the same shall have been distributed or issued by the Company, the Applicable Conversion Price shall be readjusted at the time of such expiration to the conversion price that would have been in effect if no adjustment had been made on account of the distribution or issuance of such expired rights or warrants.

(iii) In case outstanding shares of Class B Common Stock shall be subdivided into a greater number of shares of Class B Common Stock, the Applicable Conversion Price in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately reduced and, conversely, in case outstanding shares of Class B Common Stock shall each be combined into a smaller number of shares of Class B Common Stock, the Applicable Conversion Price in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately increased, such reduction or increase, as the case may be, to become effective immediately prior to the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(iv) Subject to the last sentence of this subparagraph (iv), in case the Company shall, by dividend or otherwise, distribute to all holders of its Class B Common Stock evidences of its indebtedness, shares of any class or series of capital stock, cash or assets (including securities, but excluding any rights or warrants referred to in subparagraph (ii) of this Section 13.03, any dividend or distribution paid exclusively in cash and any dividend or distribution referred to in subparagraph (i) of this Section 13.03), the Applicable Conversion Price shall be reduced so that the same shall equal the price determined by multiplying the Applicable Conversion Price in effect immediately prior to the effectiveness of the Applicable Conversion Price reduction contemplated by this subparagraph (iv) by a fraction of which the numerator shall be the current market price per share (determined as provided in subparagraph (vii) of this Section 13.03) of the Class B Common Stock on the date fixed for the determination of stockholders entitled to receive such distribution (the "Reference Date") less the fair market value (as determined in good faith by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors), on the Reference Date, of the portion of the evidences of indebtedness, shares of capital stock, cash and assets so distributed applicable to one share of Class B Common Stock and the denominator shall be such current market price per share of the Class B Common Stock, such reduction to become effective immediately prior to the opening of business on the day following the Reference Date. In the event that such dividend or distribution is not so paid or made, the Applicable Conversion Price shall again be adjusted to be the Applicable Conversion Price which would then be in effect if such dividend or distribution had not occurred. For purposes of this subparagraph (iv), any dividend or distribution that includes shares of Class B Common Stock or rights or

warrants to subscribe for or purchase shares of Class B Common Stock shall be deemed instead to be (1) a dividend or distribution of the evidences of indebtedness, shares of capital stock, cash or assets other than such shares of Class B Common Stock or such rights or warrants (making any Applicable Conversion Price reduction required by this subparagraph (iv)) immediately followed by (2) a dividend or distribution of such shares of Class B Common Stock or such rights or warrants (making any further Applicable Conversion Price reduction required by subparagraph (i) or (ii) of this Section 13.03), except any shares of Class B Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of subparagraph (i) of this Section 13.03.

(v) In case the Company shall pay or make a dividend or other distribution on its Class B Common Stock exclusively in cash (excluding (x) cash dividends to the extent that they do not exceed the per share amount of the smallest of the immediately four preceding quarterly cash dividends (as adjusted to appropriately reflect any of the events referred to in subparagraphs (i), (ii), (iii), (iv), (v) and (vi) of this Section 13.03), and (y) cash dividends to the extent that the annualized per share amount thereof does not exceed 15% of the current market price per share of the Class B Common Stock on the Trading Day next preceding the date of declaration of such dividend, the Applicable Conversion Price shall be reduced so that the same shall equal the price determined by multiplying the Applicable Conversion Price in effect immediately prior to the effectiveness of the Applicable Conversion Price reduction contemplated by this subparagraph (v) by a fraction of which the numerator shall be the current market price per share (determined as provided in subparagraph (vii) of this Section 13.03) of the Class B Common Stock on the date fixed for the payment of such distribution less the amount of cash so distributed and not excluded as provided applicable to one share of Class B Common Stock and the denominator shall be such current market price per share of the Class B Common Stock, such reduction to become effective immediately prior to the opening of business on the day following the date fixed for the payment of such distribution; provided, however, that in the event the portion of the cash so distributed applicable to one share of Class B Common Stock is equal to or greater than the current market price per share (as defined in subparagraph (vii) of this Section 13.03) of the Class B Common Stock on the record date mentioned above, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder of Securities shall have the right to receive upon conversion the amount of cash such Holder would have received had such Holder converted each Security immediately prior to the record date for the distribution of the cash. In the event that such dividend or distribution is not so paid or made, the Applicable Conversion Price shall again be adjusted to be the Applicable Conversion Price which would then be in effect if such record date had not been fixed.

(vi) In case a tender or exchange offer (other than an odd-lot offer) made by the Company or any Subsidiary of the Company for all or any portion of the Company's Class B Common Stock shall expire and such tender or exchange offer shall involve the payment by the Company or such Subsidiary of consideration per share of Class B Common Stock having a fair market value (as determined in good faith by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors) at the last time (the "Expiration Time") tenders or exchanges may be made pursuant to such tender or exchange offer (as it shall have been amended) that exceeds 110% of the current market price per share (determined as provided in subparagraph (vii) of this Section 13.03) of the Class B Common Stock on the Trading Day next succeeding the Expiration Time, the Applicable Conversion Price shall be reduced so that the same shall equal the price determined by multiplying the Applicable Conversion Price in effect immediately prior to the effectiveness of the Applicable Conversion Price reduction contemplated by this subparagraph (vi) by a fraction of which the numerator shall be the number of shares of Class B Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the current market price per share (determined as provided in subparagraph (vii) of this Section 13.03) of the Class B Common Stock on the Trading Day next succeeding the Expiration Time and the denominator shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Class B Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the current market price per share (determined as provided in subparagraph (vii) of this Section 13.03) of the Class B Common Stock on the Trading Day next succeeding the Expiration Time, such reduction to become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that such tender or exchange offer is not made, the Applicable Conversion Price shall again be adjusted to be the Applicable Conversion Price which would then be in effect if such record date had not been fixed.

(vii) For the purpose of any computation under subparagraphs (ii), (iv), (v) and (vi) of this Section 13.03, the current market price per share of Class B Common Stock on any date in question shall be deemed to be the average of the daily Closing Prices of the Class B Common Stock for the ten consecutive Trading Days prior to the earlier of the day in question and, if applicable, the day before the "ex" date with respect to the issuance or distribution requiring such computation; provided, however, that if another event occurs that would require an adjustment pursuant to subparagraphs (i) through (vi) of this Section 13.03, inclusive, the Board of Directors may make such adjustments to the Closing Prices during such five Trading Day period as it deems appropriate to effectuate the intent of the adjustments in this Section 13.03, in which case any such determination

by the Board of Directors shall be set forth in a Board Resolution and shall be conclusive. For purposes of this paragraph, the term "ex" date, (1) when used with respect to any issuance or distribution, means the first date on which the Class B Common Stock is quoted regular way on the New York Stock Exchange Composite Tape or on such successor securities exchange on which the Class B Common Stock may be quoted or listed or in the relevant market from which the Closing Prices were obtained without the right to receive such issuance or distribution, and (2) when used with respect to any tender or exchange offer means the first date on which the Class B Common Stock is quoted regular way on such securities exchange or in such market after the Expiration Time of such offer.

(viii) The Company may make such reductions in the Applicable Conversion Price, in addition to those required by subparagraphs (i), (ii), (iii), (iv), (v) and (vi) of this Section 13.03, as it considers to be advisable to avoid or diminish any income tax to holders of Class B Common Stock or rights to purchase Class B Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

(ix) There shall also be no adjustment of the Applicable Conversion Price in case of the issuance of any Class B Common Stock (or securities convertible into or exchangeable for Class B Common Stock), except as specifically described above. If any action would require adjustment of the Applicable Conversion Price, pursuant to more than one of the anti-dilution provisions set forth in this Article XIII, only one adjustment shall be made and such adjustment shall be the amount of adjustment that has the highest absolute value to Holders. Furthermore, no adjustment in the Applicable Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Applicable Conversion Price; provided, however, that any adjustments which by reason of this sentence are not required to be made shall be carried forward and taken into account in determining whether any subsequent adjustment shall be required.

SECTION 13.04 Reclassification, Consolidation, Merger or Sale of Assets.

In the event that the Company shall be a party to any transaction (including without limitation (a) any recapitalization or reclassification of the Class B Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination of the Class B Common Stock), (b) any consolidation of the Company with, or merger of the Company into, any other Person, any merger of another Person into the Company (other than a merger which does not result in a reclassification, conversion, exchange or cancellation of outstanding shares of Class B Common Stock of the Company), (c) any sale or transfer of all or substantially all of the assets of the Company or (d) any compulsory share exchange) (each of the events in the preceding clauses (a) through (d) being referred to as a "Company Transaction"), in each case, as a result of which shares of Class B Common Stock shall be converted into the right to receive other securities, cash or other property, then lawful provision shall be made as part of the terms of such Company Transaction whereby the Holder of each Security then outstanding shall have the right thereafter to convert such Security only into (i) in the case of any Company Transaction other than a Common Stock Fundamental Change, the kind and amount of securities, cash and other property receivable upon the consummation of the Company Transaction by a holder of that number of shares of Class B Common Stock into which such Security was convertible immediately prior to such transaction, after giving effect to any adjustment in the Applicable Conversion Price required by the provisions of Section 13.07(a)(i), and (ii) in the case of a Company Transaction involving a Common Stock Fundamental Change, common stock of the kind received by holders of Class B Common Stock as a result of such Common Stock Fundamental Change in an amount determined pursuant to the provisions of Section 13.07(a)(ii). Holders of the Securities shall have no voting rights with respect to any Company Transaction described in this Section 13.04.

The Company or the Person formed by such consolidation or resulting from such merger or which acquired such assets or which acquires the Company's shares, as the case may be, shall make provision in its certificate or articles of incorporation or other constituent document to establish such right. Such certificate or articles of incorporation or other constituent document shall provide for adjustments which, for events subsequent to the effective date of such certificate or articles of incorporation or other constituent document, shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article XIII. The above provisions shall similarly apply to successive transactions of the foregoing type.

SECTION 13.05 Notice of Adjustments of Conversion Price.

Whenever the Applicable Conversion Price is adjusted as herein provided:

(a) the Company shall compute the adjusted Applicable Conversion Price and shall prepare a certificate signed by the Chief Financial Officer or the Treasurer of the Company setting forth the adjusted Applicable Conversion Price and showing in reasonable detail the facts upon which such adjustment is based, and such certificate shall forthwith be filed with the Trustee, the Conversion Agent, the Property Trustee and the transfer agent for the Preferred Securities and the Securities; and

(b) a notice stating the Applicable Conversion Price has been adjusted and setting forth the adjusted Applicable Conversion Price shall as soon as practicable be mailed by the Company to all record holders of Preferred Securities and the Securities at their last addresses as they appear upon the stock transfer books of the Company and the books and records of the Trust, respectively.

SECTION 13.06 Prior Notice of Certain Events.

In case:

(i) the Company shall (1) declare any dividend (or any other distribution) on its Class B Common Stock, other than (A) a dividend payable in shares of Class B Common Stock or (B) a dividend payable in cash that would not require an adjustment pursuant to Section 13.03(iv) or (v) or (2) authorize a tender or exchange offer that would require an adjustment pursuant to Section 13.03(vi);

(ii) the Company shall authorize the granting to all holders of Class B Common Stock of rights or warrants to subscribe for or purchase any shares of stock of any class or series or of any other rights or warrants;

(iii) of any reclassification of Class B Common Stock (other than a subdivision or combination of the outstanding Class B Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Company is a party and for which approval of any stockholders of the Company shall be required, or of the sale or transfer of all or substantially all of the assets of the Company or of any compulsory share exchange whereby the Class B Common Stock is converted into other securities, cash or other property; or

(iv) of the voluntary or involuntary dissolution, liquidation or winding up of the Company;

then the Company shall (a) if any Preferred Securities are outstanding, cause to be filed with the transfer agent for the Preferred Securities, and shall cause to be mailed to the holders of record of the Preferred Securities, at their last addresses as they shall appear upon the books and records of the Trust, or (b) shall cause to be mailed to all Holders at their last addresses as they shall appear in the Security Register, at least fifteen days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record (if any) is to be taken for the purpose of such dividend, distribution, rights or warrants or, if a record is not to be taken, the date as of which the holders of Class B Common Stock of record to be entitled to such dividend, distribution, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding up is expected to become effective, and the date as of which it is expected that holders of Class B Common Stock of record shall be entitled to exchange their shares of Class B Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding up (but no failure to mail such notice or any defect therein or in the mailing thereof shall affect the validity of the corporate action required to be specified in such notice).

SECTION 13.07 Adjustments in Case of Fundamental Changes.

(a) Notwithstanding any other provision in this Article XIII to the contrary, in the case of any Company Transaction involving a Fundamental Change, the Applicable Conversion Price will be adjusted immediately after such Fundamental Change as follows:

(i) in the case of a Non-Stock Fundamental Change, the Applicable Conversion Price of the Securities shall thereupon become the lower of (A) the Applicable Conversion Price in effect immediately prior to such Non-Stock Fundamental Change, but after giving effect to any other prior adjustments effected pursuant to this Article XIII, and (B) the result obtained by multiplying the greater of the Relevant Price or the then applicable Reference Market Price by the Optional Redemption Ratio (such product shall hereinafter be referred to as the "Adjusted Relevant Price" or the "Adjusted Reference Market Price", as the case may be); and

(ii) in the case of a Common Stock Fundamental Change, the Applicable Conversion Price of the Securities in effect immediately prior to such Common Stock Fundamental Change, but after giving effect to any other prior adjustments effected pursuant to this Article XIII, shall thereupon be adjusted by multiplying such Applicable Conversion Price by a fraction of which the numerator shall be the Purchaser Stock Price and the denominator shall be the Relevant Price; provided, however, that in the event of a Common Stock Fundamental Change in which (A) 100% of the value of the consideration received by a holder of Class B Common Stock is common stock of the successor, acquiror or other third party (and cash, if any, is paid only with respect to any fractional interests in such common stock resulting from such Common Stock Fundamental Change) and (B) all of the Class B Common Stock shall have been exchanged for, converted into or acquired for common stock (and cash with respect to fractional interests) of the successor, acquiror or other third party, the Applicable Conversion Price of the Securities in effect immediately prior to such Common Stock Fundamental Change shall thereupon be adjusted by multiplying such Applicable Conversion Price by a fraction of which the numerator shall be one and the denominator shall be the number of shares of common stock of the successor, acquiror, or other third party received by a stockholder for one share of Class B Common Stock as a result of such Common Stock Fundamental Change.

(b) Definitions. The following definitions shall apply to terms used in this Article XIII:

(1) "Closing Price" of any security on any day shall mean on any day the last reported sale price of such security on such day, or in case no sale takes place on such day, the average of the closing bid and asked prices in each case on the principal national securities exchange on which such securities are listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the NNM or, if such securities are not listed or admitted to trading on any national

securities exchange or quoted on the NNM, the average of the closing bid and asked prices in the over-the-counter market as furnished by any New York Stock Exchange member firm selected by the Company for such purpose.

(2) "Common Stock Fundamental Change" shall mean any Fundamental Change in which more than 50% of the value (as determined in good faith by the Board of Directors) of the consideration received by holders of Class B Common Stock consists of common stock that for each of the ten consecutive Trading Days immediately prior to the Entitlement Date has been admitted for listing or admitted for listing subject to notice of issuance on a national securities exchange or quoted on the NNM; provided, however, that a Fundamental Change shall not be a Class B Common Stock Fundamental Change unless either (i) the Company continues to exist after the occurrence of such Fundamental Change and the outstanding Preferred Securities continue to exist as outstanding Preferred Securities, or (ii) not later than the occurrence of such Fundamental Change, the outstanding Securities are converted into or exchanged for debentures of a corporation succeeding to the business of the Company, which debentures have terms substantially similar to those of the Securities.

(3) "Entitlement Date" shall mean the record date for determination of the holders of Class B Common Stock entitled to receive securities, cash or other property in connection with a Non-Stock Fundamental Change or a Common Stock Fundamental Change or, if there is no such record date, the date upon which holders of Class B Common Stock shall have the right to receive such securities, cash or other property.

(4) "Fundamental Change" shall mean the occurrence of any transaction or event in connection with a plan pursuant to which all or substantially all of the Class B Common Stock shall be exchanged for, converted into, acquired for or constitute solely the right to receive securities, cash or other property (whether by means of an exchange offer, liquidation, tender offer, consolidation, merger, combination, reclassification, recapitalization or otherwise); provided, however, in the case of a plan involving more than one such transaction or event, for purposes of adjustment of the Applicable Conversion Price, such Fundamental Change shall be deemed to have occurred when substantially all of the Class B Common Stock of the Company shall be exchanged for, converted into, or acquired for or constitute solely the right to receive securities, cash or other property, but the adjustment shall be based upon the highest weighted average per share consideration that a holder of Class B Common Stock could have received in such transactions or events as a result of which more than 50% of the Class B Common Stock of the Company shall have been exchanged for, converted into, or acquired for or constitute solely the right to receive securities, cash or other property.

(5) "Non-Stock Fundamental Change" shall mean any Fundamental Change other than a Common Stock Fundamental Change.

(6) "Optional Redemption Ratio" means a fraction of which the numerator shall be \$50 and the denominator will be the then current Optional Redemption Price or, prior to November 20, 2003, an amount per Security determined by the Company in its sole discretion, after consultation with an investment banking firm, to be the equivalent of the hypothetical redemption price that would have been applicable if the Securities had been redeemable during such period.

(7) "Purchaser Stock Price" shall mean, with respect to any Common Stock Fundamental Change, the average of the daily Closing Prices of the common stock received in such Common Stock Fundamental Change for the ten (10) consecutive Trading Days prior to and including the Entitlement Date, as adjusted in good faith by the Board of Directors to appropriately reflect any of the events referred to in subparagraphs (i), (ii), (iii), (iv), (v) and (vi) of Section 13.03.

(8) "Reference Market Price" shall initially mean on the date of original issuance of the Securities, \$32.67 (which is an amount equal to 66-2/3% of the last reported sale price for the Class B Common Stock on the New York Stock Exchange Composite Tape on November 6, 2000) and, in the event of any adjustment to the Applicable Conversion Price, other than as a result of a Non-Stock Fundamental Change, the Reference Market Price shall also be adjusted so that the ratio of the Reference Market Price to the Applicable Conversion Price after giving effect to any such adjustment shall always be the same as the ratio of \$32.67 to the Initial Conversion Price.

(9) "Relevant Price" shall mean (i) in the event of a Non-Stock Fundamental Change in which the holders of the Class B Common Stock receive only cash, the amount of cash received by a stockholder for one share of Class B Common Stock and (ii) in the event of any other Non-Stock Fundamental Change or any Common Stock Fundamental Change, the average of the daily Closing Prices of the Class B Common Stock for the ten (10) consecutive Trading Days prior to and including the Entitlement Date, in each case, as adjusted in good faith by the Company to appropriately reflect any of the events referred to in subparagraphs (i), (ii), (iii), (iv), (v) and (vi) of Section 13.03.

(10) "Trading Day" shall mean a day on which securities are traded on the national securities exchange or quotation system used to determine the Closing Price.

SECTION 13.08 Dividend or Interest Reinvestment Plans.

(a) Notwithstanding the foregoing provisions, the issuance of any shares of Class B Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on securities of the Company and the investment of additional optional amounts in shares of Class B Common Stock under any such plan, and the issuance of any shares of Class B

Common Stock or options or rights to purchase such shares pursuant to any employee benefit plan or program of the Company or pursuant to any option issued, shall not be deemed to constitute an issuance of Class B Common Stock or exercisable, exchangeable or convertible securities by the Company to which any of the adjustment provisions described above applies.

(b) There shall also be no adjustment of the Applicable Conversion Price in case of the issuance of any stock (or securities convertible into or exchangeable for stock) of the Company except as specifically described in this Article XIII.

SECTION 13.09 Certain Additional Rights.

Notwithstanding any other provision of this Article XIII to the contrary, rights, warrants, evidences of indebtedness, other securities, cash or other assets (including, without limitation, any rights distributed pursuant to any stockholder rights plan) shall be deemed not to have been distributed for purposes of this Article XIII if the Company makes proper provision so that each Holder who converts a Security (or any portion thereof) after the date fixed for determination of stockholders entitled to receive such distribution shall be entitled to receive upon such conversion, in addition to the shares of Class B Common Stock issuable upon such conversion, the amount and kind of such distributions that such Holder would have been entitled to receive if such Holder had, immediately prior to such determination date, converted such Security into Class B Common Stock.

SECTION 13.10 Restrictions on Common Stock Issuable Upon Conversion.

(a) Shares of Class B Common Stock to be issued upon conversion of a Security in respect of Restricted Preferred Securities (as defined in the Declaration) shall bear such restrictive legends as the Company may provide in accordance with applicable law.

(b) If shares of Class B Common Stock to be issued upon conversion of a Security in respect of Restricted Preferred Securities are to be registered in a name other than that of the Holder of such Preferred Security, then the Person in whose name such shares of Class B Common Stock are to be registered must deliver to the Conversion Agent a certificate satisfactory to the Company and signed by such Person, as to compliance with the restrictions on transfer applicable to such Preferred Security. Neither the Trustee nor any Conversion Agent or Registrar shall be required to register in a name other than that of the Holder shares of Class B Common Stock or such Preferred Securities issued upon conversion of any such Security in respect of such Preferred Securities not so accompanied by a properly completed certificate.

SECTION 13.11 Trustee Not Responsible for Determining Conversion Price or Adjustments.

Neither the Trustee nor any Conversion Agent shall at any time be under any duty or responsibility to any Holder of any Security to determine whether any facts exist which may require any adjustment of the Applicable Conversion Price, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed, or whether any supplemental indenture needs to be entered into. Neither the Trustee nor any Conversion Agent shall be accountable with respect to the validity or value (or the kind or amount) of any shares of Class B Common Stock or of any securities or property, which may at any time be issued or delivered upon the conversion of any Security; and neither the Trustee nor any Conversion Agent makes any representation with respect thereto. Neither the Trustee nor any Conversion Agent shall be responsible for any failure of the Company to make any cash payment or to issue, transfer or deliver any shares of Class B Common Stock or stock certificates or other securities or property upon the surrender of any Security for the purpose of conversion, or, except as expressly herein provided, to comply with any of the covenants of the Company contained in Article X or this Article XIII.

ARTICLE XIV

IMMUNITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS

AND DIRECTORS

SECTION 14.01 No Recourse.

No recourse under or upon any obligation, covenant or agreement of this Indenture, or of any Security, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, stockholder, officer or director, past, present or future as such, of the Company or of any predecessor or successor corporation, either directly or through the Company or any such predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Indenture and the obligations issued hereunder are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, stockholders, officers or directors as such, of the Company or of any predecessor or successor corporation, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom; and that any and all such personal liability of every name and nature, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, stockholder, officer or director as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issuance of such Securities.

This instrument may be executed in any number of counterparts, each of

which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

Dated: November 10, 2000

CONTINENTAL AIRLINES, INC.

By: /s/ Gerald Laderman

Name: Gerald Laderman
Title: Senior Vice President
Finance

WILMINGTON TRUST COMPANY, as Trustee

By: /s/ W. Chris Sponenberg

Name: W. Chris Sponenberg
Title: Assistant Vice President

EXHIBIT A

FORM OF SECURITY

[FORM OF FACE OF SECURITY]

[Include if a Global Security: THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY (THE "DEPOSITORY" OR "DTC") OR A NOMINEE OF THE DEPOSITORY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITORY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY) MAY BE REGISTERED EXCEPT IN LIMITED CIRCUMSTANCES.

UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (55 WATER STREET, NEW YORK, NEW YORK) TO CONTINENTAL AIRLINES, INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO BELOW.]

[Include Restricted Securities Legend if required under Section 2.02:

THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS SECURITY AND ANY CLASS B COMMON STOCK ISSUABLE UPON CONVERSION HEREOF MAY NOT BE OFFERED, SOLD, PLEDGED, ENCUMBERED OR OTHERWISE TRANSFERRED OR DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS SECURITY AND ANY CLASS B COMMON STOCK ISSUABLE UPON CONVERSION HEREOF MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (i) TO THE COMPANY, (ii) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (iii) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (iv) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (v) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (i) THROUGH (v) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER REPRESENTS THAT IT (1) IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, IS AWARE THAT THE SALE TO IT IS BEING MADE IN RELIANCE ON RULE 144A AND IS ACQUIRING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT OR (2) ACQUIRED SUCH SECURITY IN A TRANSACTION THAT DID NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT.

BY ITS PURCHASE OF ANY SECURITIES (OR ANY INTEREST HEREIN), THE PURCHASER HEREOF WILL BE DEEMED TO HAVE REPRESENTED EITHER THAT (A) IT IS NOT A PLAN OR OTHER ENTITY WHOSE UNDERLYING ASSETS ARE SUBJECT TO ERISA AND/OR SECTION 4975 OF THE CODE, OR A GOVERNMENTAL OR CHURCH PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR (B) ITS PURCHASE AND HOLDING OF THE SECURITIES (AND ANY CLASS B COMMON STOCK ISSUABLE UPON CONVERSION HEREOF) WILL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL OR CHURCH PLAN, A VIOLATION OF ANY SUBSTANTIALLY SIMILAR FEDERAL, STATE OR LOCAL LAW).

CONTINENTAL AIRLINES, INC.

6% Convertible Junior Subordinated Debenture Due 2030

No. [__]

\$[_____]]
CUSIP No. [_____]]

CONTINENTAL AIRLINES, INC., a corporation duly organized and existing under the laws of the State of Delaware (herein called "the Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____, or registered assigns, the principal sum [indicated on Schedule A hereof](1) [of Dollars(\$)](2) on November 15, 2030.

Interest Payment Dates: February 15, May 15, August 15, and November 15, commencing February 15, 2001.

Regular Record Dates: the close of business on the first day of the month immediately preceding each Interest Payment Date, commencing February 1, 2001.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

- - - - -

- 1 Applicable to Global Securities only.
- 2 Applicable to certificated Securities only.

IN WITNESS WHEREOF, the Company has caused this instrument to be signed manually or by facsimile by its duly authorized officers and a facsimile of its corporate seal to be affixed hereto or imprinted hereon.

Dated: [_____], 2000

CONTINENTAL AIRLINES, INC.

By: _____
Name:
Title:

[Seal]

Attest:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities referred to in the within-mentioned indenture.

Dated: [_____], 2000

WILMINGTON TRUST COMPANY
as Trustee

By:-----
Authorized Signatory

[FORM OF REVERSE OF SECURITY]

CONTINENTAL AIRLINES, INC.

6% Convertible Junior Subordinated Debenture Due 2030(3)

1. Interest. Continental Airlines, Inc., a Delaware corporation (the "Company"), is the issuer of this 6% Convertible Junior Subordinated Debenture Due 2030 (the "Security") limited in aggregate principal amount to \$[_____], issued under the Indenture hereinafter referred to. The Company promises to pay interest on the Securities in cash from November 10, 2000 or from the most recent interest payment date to which interest has been paid or duly provided for, quarterly (subject to deferral for up to 20 consecutive quarters as described in Section 3 hereof) in arrears on February 15, May 15, August 15, and November 15 of each year (each such date, an "Interest Payment Date"), commencing February 15, 2001, at the Applicable Rate, plus Additional Sums, if any, until the principal hereof shall have become due and payable.

The amount of interest payable for any period will be computed on the basis of twelve 30-day months and a 360-day year. To the extent lawful, the Company shall pay interest on overdue installments of interest (without regard to any applicable grace period) at the rate borne by the Securities, compounded quarterly. Any interest paid on this Security shall be increased to the extent necessary to pay Additional Sums as set forth in this Security.

2. Additional Sums. The Company shall pay to Continental Airlines Finance Trust II (and its permitted successors or assigns under the Declaration) (the "Trust") such additional amounts as may be necessary in order that the amount of dividends or other distributions then due and payable by the Trust on the Preferred Securities that at any time remain outstanding in accordance with the terms thereof shall not be reduced as a result of any additional taxes, duties, assessments and other governmental charges of whatever nature (other than withholding taxes) imposed by the United States or any other taxing authority.

3. Extension of Interest Payment Period. So long as no Event of Default has occurred and is continuing, the Company shall have the right, at any time during the term of this Security, from time to time to defer payments of interest by extending the interest payment period of such Security for up to 20 consecutive quarters (a "Deferral Period"); provided that no Deferral Period may extend beyond November 15, 2030. To the extent permitted by applicable law, interest, the payment of which has been deferred because of the extension of the interest payment period pursuant to Section 3.13 of the Indenture, will bear interest thereon at the Applicable Rate compounded quarterly for each quarter of the Deferral Period ("Compounded Interest"). On the applicable Payment Resumption Date, the Company shall pay all interest then accrued and unpaid on the Securities, including any Compounded Interest that shall be payable to the Holders of the Securities in whose names the Securities are registered in the Security Register on the record date fixed for such Payment Resumption Date. Before the termination of any Deferral Period, the Company may further extend such period as provided in the Indenture, provided that such period together with all such further extensions thereof shall not exceed 20 consecutive quarters or extend beyond the Stated Maturity of the Security. Upon the termination of any Deferral Period and upon the payment of all Compounded Interest and Additional Sums (together, "Additional Payments"), if any, then due, the Company may commence a new Deferral Period, subject to the foregoing requirements. No interest shall be due and payable during a Deferral Period except on the applicable Payment Resumption Date.

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3 All terms used in this Security which are defined in the Indenture or in the Declaration referred to herein shall have the meanings assigned to them in the Indenture or the Declaration, as the case may be.

The Company shall give the Holder of the Security and the Trustee written notice (a "Deferral Notice") of its selection of a Deferral Period at least ten days prior to the record date for any distributions that would have been payable on the Trust Securities except for the decision to begin or extend such Deferral Period. The Company may elect to pay all interest then accrued and unpaid on the Securities, including Compound Interest, on an Interest Payment Date prior to its most recently established Payment Resumption Date, provided that the Company gives the Holder of the Security and the Trustee a new Deferral Notice setting forth the revised Payment Resumption Date at least three Business Days prior to the Regular Record Date for such revised Payment Resumption Date.

The quarter in which any Deferral Notice is given pursuant to the second paragraph of this Section 3 shall be counted as one of the 20 quarters permitted in the maximum Deferral Period permitted under the first paragraph of this Section 3.

4. Method of Payment. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the regular record date for such interest installment, which shall be the close of business on the first day of the month immediately preceding each Interest Payment Date (the "Regular Record Date"), commencing February 1, 2001. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities not less than ten days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture, provided that any such payment will be made in such coin or currency of the United States of America which at the time of payment is a legal tender for payment of public and private debts.

Payment of the principal of and interest on this Security will be made at the office or agency of the Company maintained for that purpose in New York, New York, in coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debts; provided, however, that at any time that the Property Trustee is not the sole holder of the Securities, payment of interest may, at the option of the Company, be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or by wire transfer.

5. Paying Agent and Security Registrar. The Trustee will act as Paying Agent, Security Registrar and Conversion Agent. The Company may change any Paying Agent, Security Registrar, co-registrar or Conversion Agent without prior notice. The Company or any of its Affiliates may act in any such capacity.

6. Indenture. The Company issued the Securities under an indenture, dated as of November 10, 2000 (the "Indenture"), between the Company and Wilmington Trust Company, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Trustee, the Company and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by the Trust Indenture Act of 1939 (15 U.S. Code Sections 77aaa-77bbb) ("Trust Indenture Act") as in effect on the date of the Indenture. The Securities are subject to, and qualified by, all such terms, certain of which are summarized herein, and holders are referred to the Indenture and the Trust Indenture Act for a statement of such terms. The Securities are unsecured general obligations of the Company limited to up to \$[296,392,000] and subordinated in right of payment to all existing and future Senior Obligations of the Company. No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed or to convert this Security as provided in the Indenture.

7. Optional Redemption. The Securities are redeemable at the Company's option (an "Optional Redemption") in whole or in part, at any time or from time to time, on or after November 20, 2003, at a Redemption Price equal to prices per \$50 principal amount of Securities set forth in the table below, plus any accrued and unpaid interest, including Additional Payments, if any, to the Redemption Date, if redeemed during the 12-month period ending on November 19:

Year	Price Per \$50 Principal Amount
-----	-----
2004.....	\$51.50
2005.....	\$51.00
2006.....	\$50.50
2007.....	\$50.00

and thereafter at \$50 per \$50 principal amount of the Securities plus, in each case, any accrued and unpaid interest, including Additional Payments, if any, to the Redemption Date.

8. Optional Redemption Upon Tax Event. Subject to the conditions set forth in the Indenture, the Securities are subject to redemption in whole, but not in part, if a Tax Event shall occur and be continuing, at any time within 90 days following the occurrence of such Tax Event, at a Redemption Price equal to \$50 per \$50 principal amount thereof, plus accrued but unpaid interest, including Additional Payments, if any, to the Redemption Date. In lieu of the foregoing, the Company also shall have the option of causing the Securities to remain outstanding and pay Additional Sums on the Securities.

9. Notice of Redemption. Notice of redemption will be mailed by first-class mail, postage prepaid, at least 20 days, but not more than 60 days before the Redemption Date to each Holder of the Securities to be redeemed at such Holder's address appearing in the Security Register.

10. No Sinking Fund. There are no sinking fund payments with respect to the Securities.

11. Payment to Registered Holders; Cessation of Interest Accrual Upon Redemption. If this Security is redeemed subsequent to a Regular Record Date with respect to any Interest Payment Date specified above and on or prior to such Interest Payment Date, then any accrued interest will be paid to the person in whose name this Security is registered at the close of business on such record date. On or after the Redemption Date, interest will cease to accrue on the Securities, or portion thereof, called for redemption.

12. Subordination. The payment of the principal of, interest on or any other amounts due on the Securities is subordinated in right of payment to all existing and future Senior Obligations (as defined below) of the Company, as described in the Indenture. Each Holder, by accepting a Security, agrees to such subordination and authorizes and directs the Trustee on its behalf to take such action as may be necessary or appropriate to effectuate the subordination so provided and appoints the Trustee as its attorney-in-fact for such purpose.

"Senior Obligations" means (i) all Debt of the Company and (ii) any amount payable in respect of a long-term operating lease of aircraft or aircraft engines, in each case, whether outstanding on the date of execution of the Indenture or thereafter created, assumed or incurred, except such Debt or lease obligations that are expressly stated to rank junior in right of payment to, or pari passu in right of payment with, the Securities; provided, however, that Senior Obligations shall not be deemed to include (a) any Debt of the Company which, when incurred and without respect to any election under Section 1111(b) of the United States Bankruptcy Code of 1978, was without recourse to the Company, (b) trade accounts payable and accrued liabilities arising in the ordinary course of business, (c) any Debt of the Company to any of its Subsidiaries, (d) Debt to any employee of the Company and (e) Debt which by its terms is subordinated to trade accounts payable or accrued liabilities arising in the ordinary course of business to the extent that payments made to the holders of such Debt by the Holders of the Securities as a result of the subordination provisions of the Indenture would be greater than such payments otherwise would have been as a result of any obligation of such holders of such Debt to pay amounts over to the obligees on such trade accounts payable or accrued liabilities arising in the ordinary course of business as a result of subordination provisions to which such Debt is subject.

"Debt" means (i) the principal of and premium and interest, if any, on indebtedness for money borrowed, together with all fees, indemnities and expenses payable under such obligations, (ii) purchase money and similar obligations, (iii) obligations under capital leases, (iv) guarantees, assumptions or purchase commitments relating to, or other transactions as a result of which the Company is responsible for the payment of, such indebtedness of others, (v) renewals, extensions and refunding of any such indebtedness, (vi) interest or obligations in respect of any such indebtedness accruing after the commencement of any insolvency or bankruptcy proceedings and (vii) obligations associated with derivative products such as (a) securities contracts and foreign currency exchange contracts, (b) derivative instruments, such as swap agreements (including interest rate and foreign exchange rate swap agreements), cap agreements, floor agreements, collar agreements, interest rate agreements, foreign exchange agreements, options, commodity futures contracts and commodity options contracts, and (c) similar financial instruments.

13. Conversion. The Holder of any Security has the right, exercisable at any time prior to 5:00 p.m., New York City time, on November 15, 2030, to convert the principal amount thereof (or any portion thereof that is an integral multiple of \$50) into shares of Class B Common Stock at the initial conversation price of \$60 per share of Class B Common Stock for each \$50 in aggregate principal amount of Securities (equivalent to an initial conversion rate of approximately 0.8333 shares of Class B Common Stock for each \$50 in aggregate principal amount of Securities). The conversion price and equivalent conversion ratio in effect at any time are known as the "Applicable Conversion Price" and the "Applicable Conversion Ratio," respectively, and are subject to adjustment under certain circumstances. If a Security is called for redemption, the conversion right will terminate at the close of business on the Business Day immediately preceding the corresponding Redemption Date, unless the Company defaults in making the payment due upon redemption.

To convert a Security, a Holder must (1) complete and sign a conversion notice substantially in the form attached hereto, (2) surrender the Security to a Conversion Agent, (3) furnish appropriate endorsements or transfer documents if required by the Security Registrar or Conversion Agent and (4) pay any transfer or similar tax, if required. Upon conversion, no adjustment or payment will be made for interest or dividends, but if any Holder surrenders a Security for conversion after the close of business on the Regular Record Date for the payment of an installment of interest and prior to the opening of business on the next Interest Payment Date, then, notwithstanding such conversion, the interest payable on such Interest Payment Date will be paid to the registered Holder of such Security on such Regular Record Date. In such event, such Security, when surrendered for conversion, need not be accompanied by payment of an amount equal to the interest payable on such Interest Payment Date on the

portion so converted. The number of shares issuable upon conversion of a Security is determined by dividing the principal amount of the Security converted by the Applicable Conversion Price in effect on the Conversion Date. No fractional shares will be issued upon conversion but a cash adjustment will be made for any fractional interest. The outstanding principal amount of any Security shall be reduced by the portion of the principal amount thereof converted into shares of Class B Common Stock.

14. Registration Rights. The holders of the Preferred Securities, the Securities, the Guarantee Agreement and the shares of Class B Common Stock of the Company issuable upon conversion of the Securities (collectively, the "Registrable Securities") are entitled to the benefits of a Registration Rights Agreement, dated as of November 10, 2000, among the Company, the Trust and the Initial Purchasers (the "Registration Rights Agreement"). Pursuant to the Registration Rights Agreement the Company and the Trust have agreed for the benefit of the holders of the Registrable Securities that (i) they will, at the Company's sole expense, prior to 90 days after the First Closing Date (as defined in the Registration Rights Agreement), file a shelf registration statement (the "Shelf Registration Statement") with the Commission with respect to resales of the Registrable Securities, (ii) they will use their best efforts to cause such Shelf Registration Statement to be declared effective under the Securities Act prior to 180 days after the First Closing Date, and (iii) they will use their best efforts to maintain such Shelf Registration Statement continuously effective under the Securities Act (subject to certain exceptions under the Registration Rights Agreement) until the second anniversary of the effectiveness of the Shelf Registration Statement or such other period as shall be required under Rule 144(k) thereunder or any successor rule or regulation thereto or such earlier date as is provided in the Registration Rights Agreement. If the Company fails to comply with either of clauses (ii) or (iii) above, subject to certain exceptions provided in the Registration Rights Agreement, (a "Registration Default") then, at such time, the Applicable Rate will increase by 50 basis points (.50%). Such increase will remain in effect from and including the date on which any such Registration Default shall occur to but excluding the date on which all Registration Defaults have been cured, on which date the interest rate on the Securities will revert to the interest rate originally borne by the Securities.

15. Registration, Transfer, Exchange and Denominations. As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in New York, New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities are issuable only in registered form without coupons in denominations of \$50 and integral multiples thereof. No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary. In the event of redemption or conversion of this Security in part only, a new Security or Securities for the unredeemed or unconverted portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

16. Unclaimed Money. If money for the payment of principal or interest remains unclaimed for two years, the Trustee and the Paying Agent shall pay the money back to the Company at its written request. After that, Holders of Securities entitled to the money must look to the Company for payment unless an abandoned property law designates another Person and all liability of the Trustee and such Paying Agent with respect to such money shall cease.

17. Events of Default and Remedies. The Securities shall have the Events of Default as set forth in Section 5.01 of the Indenture. Subject to certain limitations in the Indenture, if an Event of Default occurs and is continuing, the Trustee by notice to the Company or the Holders of at least 25% in aggregate principal amount of the Outstanding Securities by notice to the Company and the Trustee may declare all amounts payable on the Securities (including any Additional Payments) to be due and payable immediately; provided that, if the Property Trustee is the sole Holder of the Security and if upon an Event of Default, the Trustee or the Holder of not less than 25% in aggregate principal amount of the then outstanding Securities fail to declare the principal of all the Securities to be immediately due and payable, the Holders of at least 25% in aggregate liquidation amount of Preferred Securities then outstanding shall have such right by a notice in writing to the Company and the Trustee; and upon any such declaration such principal and all accrued interest shall become immediately due and payable; and provided further that the payment of principal and interest on such Securities shall remain subordinated to the extent provided in the Indenture.

In the case of an Event of Default, the holders of a majority in principal amount of the Outstanding Securities by written notice to the Trustee may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of the acceleration.

Holders may not enforce the Indenture or the Securities except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Securities issued under the Indenture may direct the Trustee in its exercise of any trust or power. The

Company must furnish annually compliance certificates to the Trustee. The above description of Events of Default and remedies is qualified by reference to, and subject in its entirety by, the more complete description thereof contained in the Indenture.

18. Amendments, Supplements and Waivers. The Indenture permits, subject to the rights of the holders of Preferred Securities set forth therein and in the Declaration and with certain other exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company, and the rights of the Holders of the Securities under the Indenture, at any time, by the Company and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities at the time Outstanding, on behalf of the Holders of all the Securities, subject to the rights of the holders of the Preferred Securities set forth therein and in the Declaration, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange therefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security. The above description of amendments, supplements and waivers is qualified by reference to, and subject in its entirety, by the more complete description thereof contained in the Indenture.

19. Trustee Dealings with the Company. The Trustee, in its individual or any other capacity, may become the owner or pledgee of the Securities and may otherwise deal with the Company or an Affiliate with the same rights it would have, as if it were not a Trustee, subject to certain limitations provided for in the Indenture and in the Trust Indenture Act. Any Agent may do the same with like rights.

20. No Recourse Against Others. A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder of the Securities by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

21. Governing Law. THE INTERNAL LAWS OF THE STATE OF NEW YORK SHALL GOVERN THE INDENTURE AND THE SECURITIES.

22. Authentication. The Securities shall not be valid until authenticated by the manual signature of an authorized officer of the Trustee or an authenticating agent.

23. Abbreviations. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

Assignment Form

To assign this Note, fill in the form below: (I) or (we) assign and transfer this Note to

(Insert assignee's soc. sec. or tax I.D. no.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint

to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date:

Your Signature:

(Sign exactly as your name appears on the face of this Note)

SIGNATURE GUARANTEE(4)

4 (Signature must be guaranteed by an "eligible guarantor institution" that is a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

[INCLUDE THE FOLLOWING IF THE SECURITY BEARS A RESTRICTED SECURITIES LEGEND]

In connection with any transfer of any of the Securities evidenced by this certificate, the undersigned confirms that such Securities are being:

CHECK ONE BOX BELOW

- (1) exchanged for the undersigned's own account without transfer;
or
- (2) transferred pursuant to and in compliance with Rule 144A under the Securities Act of 1933; or
- (3) transferred pursuant to and in compliance with Regulation S under the Securities Act of 1933; or
- (4) transferred pursuant to another available exemption from the registration requirements of the Securities Act of 1933.
- (5) transferred pursuant to an effective registration statement under the Securities Act.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Securities evidenced by this certificate in the name of any person other than the registered Holder thereof; provided, however, that if box (3) or (4) is checked, the Trustee may require, prior to registering any such transfer of the Securities, such legal opinions, certifications and other information as the Company has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, such as the exemption provided by Rule 144 under such Act.

Signature

Signature Guarantee:(5)

Signature

5 (Signature must be guaranteed by an "eligible guarantor institution" that is a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Registrar, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

[TO BE ATTACHED TO GLOBAL SECURITIES]

SCHEDULE A

The initial principal amount of this Global Security shall be \$_____.
The following increases or decreases in the principal amount of this Global Security have been made:

Date Made	Amount of decrease in Principal Amount of this Global Security including increase upon exercise of over-allotment option	Amount of increase in Principal Amount of this Global Security	Principal Amount of this Global Security following such decrease (or increase)	Signature of authorized signatory of Trustee or Securities Custodian
-----	-----	-----	-----	-----

ELECTION TO CONVERT

To: Continental Airlines, Inc.

The undersigned owner of this Security hereby irrevocably exercises the option to convert this Security, or the portion below designated, into Class B Common Stock of Continental Airlines, Inc. in accordance with the terms of the Indenture referred to in this Security, and directs that the shares issuable and deliverable upon conversion, together with any check in payment for fractional shares, be issued in the name of and delivered to the undersigned, unless a different name has been indicated in the assignment below. If shares are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto.

Any holder, upon the exercise of its conversion rights in accordance with the terms of the Indenture and the Security, agrees to be bound by the terms of the Registration Rights Agreement relating to the Class B Common Stock issuable upon conversion of the Securities.

Date: _____

in whole ___

Portions of Security to be converted (\$50 or integral multiples thereof):
\$ _____

_____ Signature (for conversion only)

Please Print or Typewrite Name and Address, Including Zip Code, and Social Security or Other Identifying Number _____

Signature Guarantee: (6)

- - - - -

6 (Signature must be guaranteed by an "eligible guarantor institution" that is, a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Registrar, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

PREFERRED SECURITIES GUARANTEE AGREEMENT

BETWEEN

CONTINENTAL AIRLINES, INC.

AND

WILMINGTON TRUST COMPANY

CROSS-REFERENCE TABLE(1)

SECTION OF
TRUST INDENTURE ACT
OF 1939, as amended

SECTION OF
GUARANTEE AGREEMENT

310(a)	4.01(a)
310(b)	4.01(c), 2.08
310(c)	Inapplicable
311(a)	2.02(b)
311(b)	2.02(b)
311(c)	Inapplicable
312(a)	2.02(a)
312(b)	2.02(b)
313	2.03
314(a)	2.04
314(b)	Inapplicable
314(c)	2.05
314(d)	Inapplicable
314(e)	1.01, 2.05, 3.02
314(f)	2.01, 3.02
315(a)	3.01(d)
315(b)	2.07
315(c)	3.01
315(d)	3.01(d)
316(a)	1.01, 2.06, 5.04
316(b)	5.03
316(c)	8.02
317(a)	Inapplicable
317(b)	Inapplicable
318(a)	2.01(b)
318(b)	2.01
318(c)	2.01(a)

(1) This Cross-Reference Table does not constitute part of the Guarantee Agreement and shall not affect the interpretation of any of its terms or provisions.

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This PREFERRED SECURITIES GUARANTEE AGREEMENT ("Guarantee"), dated as of November 10, 2000, is executed and delivered by Continental Airlines, Inc., a Delaware corporation (the "Guarantor"), and Wilmington Trust Company, a Delaware banking corporation, as trustee (the "Guarantee Trustee"), for the benefit of the Holders (as defined herein) from time to time of the Preferred Securities (as defined herein) of Continental Airlines Finance Trust II, a Delaware statutory business trust (the "Issuer").

WHEREAS, pursuant to an Amended and Restated Declaration of Trust (the "Declaration"), dated as of November 10, 2000, among the trustees of the Issuer named therein, the Guarantor, as sponsor, and the holders from time to time of undivided beneficial interests in the assets of the Issuer, the Issuer may issue up to 5,750,000 Preferred Securities, having an aggregate stated liquidation amount of up to \$287,500,000 designated the 6% Convertible Preferred Securities, Term Income Deferrable Equity Securities (TIDES)SM (liquidation amount \$50 per Preferred Security) (the "Preferred Securities");

WHEREAS, as incentive for the Holders to purchase the Preferred Securities, the Guarantor desires irrevocably and unconditionally to agree, to the extent set forth in this Guarantee, to pay on a subordinated basis to the Holders the Guarantee Payments (as defined herein) and to make certain other payments on the terms and conditions set forth herein; and

WHEREAS, the Guarantor is also executing and delivering a guarantee agreement (the "Common Securities Guarantee") in substantially identical terms to this Guarantee for the benefit of the holders of the Common Securities (as defined herein) except that if a Debenture Event of Default or a Declaration Event of Default (each as defined herein) (or an event that, with passage of time, would become such a Debenture Event of Default) shall have occurred and be continuing, the rights of holders of the Common Securities to receive Guarantee Payments under the Common Securities Guarantee are subordinated to the rights of Holders to receive Guarantee Payments under this Guarantee.

NOW, THEREFORE, in consideration of the purchase by each Holder of Preferred Securities, which purchase the Guarantor hereby agrees shall benefit the Guarantor, the Guarantor executes and delivers this Guarantee for the benefit of the Holders.

ARTICLE I

Definitions and Interpretation

SECTION 1.01 Definitions and Interpretation.

In this Guarantee, unless the context otherwise requires:

(a) capitalized terms used in this Guarantee but not defined in the preamble above have the respective meanings assigned to them in this Section 1.01; terms defined in the Declaration as at the date of execution of this Guarantee have the same meaning when used in this Guarantee unless otherwise defined in this Guarantee;

(b) a term defined anywhere in this Guarantee has the same meaning throughout;

(c) all references to "the Guarantee" or "this Guarantee" are to this Guarantee as modified, supplemented or amended from time to time;

(d) all references in this Guarantee to Articles and Sections are to Articles and Sections of this Guarantee unless otherwise specified;

(e) a term defined in the Trust Indenture Act has the same meaning when used in this Guarantee unless otherwise defined in this Guarantee or unless the context otherwise requires; and

(f) a reference to the singular includes the plural and vice versa.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Class B Common Stock" means Class B common stock, par value \$.01 per share, of the Guarantor (or shares of any class or classes resulting from any reclassification or reclassifications thereof).

"Common Securities" means the convertible common securities (liquidation amount \$50 per common security) representing common undivided beneficial interests in the assets of the Issuer.

"Covered Person" means any Holder or beneficial owner of Preferred Securities.

"Debenture Event of Default" means an Event of Default as defined in the Indenture.

"Debentures" means the series of convertible junior subordinated debt

securities of the Guarantor designated the 6% Convertible Junior Subordinated Debentures Due 2030 held by the Property Trustee (as defined in the Indenture) of the Issuer.

"Declaration Event of Default" means an Event of Default as defined in the Declaration.

"Event of Default" means a default by the Guarantor on any of its payment or other obligations under this Guarantee; provided, however, that except with respect to a default in payment of any Guarantee Payment, the Guarantor shall have received notice of default and shall not have cured such default within 60 days after receipt of such notice.

"Guarantee Payments" means the following payments or distributions, without duplication, with respect to the Preferred Securities, to the extent not paid or made by or on behalf of the Issuer: (i) any accrued and unpaid Distributions (as defined in the Declaration) that are required to be paid on the Preferred Securities, to the extent that the Issuer shall have funds on hand available therefor at such time, (ii) the applicable Redemption Price (as defined in the Indenture) with respect to Preferred Securities called for redemption by the Issuer, to the extent that the Issuer has funds on hand available therefor at such time, and (iii) upon a voluntary or involuntary dissolution, winding up or liquidation of the Issuer (other than in connection with the distribution of Debentures to the Holders or the redemption of all the Preferred Securities), the lesser of (a) the aggregate liquidation amount thereof plus accrued and unpaid Distributions thereon to the date of payment (such amount being the "Liquidation Distribution") to the extent the Issuer has funds available therefor and (b) the amount of assets of the Issuer remaining available for distribution to Holders upon liquidation of the Issuer after satisfaction of liabilities to creditors of the Issuer as required by applicable law.

"Guarantee Trustee" means Wilmington Trust Company until a Successor Guarantee Trustee has been appointed and has accepted such appointment pursuant to the terms of this Guarantee and thereafter means each such Successor Guarantee Trustee.

"Holder" means any holder, as registered on the books and records of the Issuer of any outstanding Preferred Securities; provided, however, that, in determining whether the holders of the requisite percentage in liquidation amount of the Preferred Securities have given any request, notice, consent or waiver hereunder, "Holder" shall not include the Guarantor or any Affiliate of the Guarantor.

"Indemnified Person" means the Guarantee Trustee, any Affiliate of the Guarantee Trustee, or any officers, directors, shareholders, members, partners, employees, representatives or agents of the Guarantee Trustee.

"Indenture" means the Indenture dated as of November 10, 2000, among the Guarantor and Wilmington Trust Company, as trustee, and any indenture supplemental thereto, pursuant to which the Debentures are to be issued to the Property Trustee of the Issuer.

"Majority in liquidation amount of the Preferred Securities" means, except as provided by the Trust Indenture Act, Holder(s), voting separately as a class, representing more than 50% of the stated aggregate liquidation amount (including the stated amount that would be paid on redemption, liquidation or otherwise) of all Preferred Securities then outstanding.

"Officers' Certificate" means, with respect to any Person, a certificate signed by the Chairman of the Board, President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Controller, the Secretary or an Assistant Secretary of such Person, and delivered to the Guarantee Trustee. Any Officers' Certificate delivered with respect to compliance with a condition or covenant provided for in this Guarantee shall include:

(i) a statement that each officer signing the Officers' Certificate has read the covenant or condition and the definitions relating thereto;

(ii) a brief statement of the nature and scope of the examination or investigation undertaken by each officer in rendering the Officers' Certificate;

(iii) a statement that each such officer has made such examination or investigation as, in such officer's opinion, is necessary to enable such officer to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such officer, such condition or covenant has been complied with.

"Person" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint stock company, limited liability company, trust, unincorporated association, or government or any agency or political subdivision thereof, or any other entity of whatever nature.

"Responsible Officer" means, with respect to the Guarantee Trustee, the chairman of the board of directors, the president, any vice-president, any assistant vice-president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, any trust officer or assistant trust officer or any other officer of the Guarantee Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject.

"Senior Debt" shall have the meaning set forth in the Indenture.

"Successor Guarantee Trustee" means a successor Guarantee Trustee possessing the qualifications to act as Guarantee Trustee under Section 4.01.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended.

ARTICLE II

Trust Indenture Act

SECTION 2.01 Trust Indenture Act; Application.

(a) This Guarantee is subject to the provisions of the Trust Indenture Act that are required to be part of this Guarantee, which are incorporated by reference hereto, and shall, to the extent applicable, be governed by such provisions; and

(b) If and to the extent that any provision of this Guarantee limits, qualifies or conflicts with the duties imposed by Sections 310 to 317, inclusive, of the Trust Indenture Act, such imposed duties shall control.

SECTION 2.02 Lists of Holders of Securities.

(a) The Guarantor shall provide the Guarantee Trustee (i) within 14 days after April 15 and September 15 of each year, commencing April 15, 2001, a list, in such form as the Guarantee Trustee may reasonably require, of the names and addresses of the Holders ("List of Holders") as of such date; provided that the Guarantor shall not be obligated to provide such List of Holders at any time the List of Holders does not differ from the most recent List of Holders given to the Guarantee Trustee by the Guarantor, and (ii) at any other time, within 30 days of receipt by the Guarantor of a written request for a List of Holders as of a date no more than 14 days before such List of Holders is given to the Guarantee Trustee. The Guarantee Trustee may destroy any List of Holders previously given to it on receipt of a new List of Holders.

(b) The Guarantee Trustee shall comply with its obligations under Sections 311(a), 311(b) and 312(b) of the Trust Indenture Act.

SECTION 2.03 Reports by the Guarantee Trustee.

Within 60 days after April 15 of each year, commencing April 15, 2001, the Guarantee Trustee shall provide to the Holders of the Securities such reports as are required by Section 313 of the Trust Indenture Act, if any, in the form and in the manner provided by Section 313 of the Trust Indenture Act. The Guarantee Trustee shall also comply with the requirements of Section 313(d) of the Trust Indenture Act.

SECTION 2.04 Periodic Reports to Guarantee Trustee.

The Guarantor shall provide to the Guarantee Trustee, the Securities and Exchange Commission and the Holders such documents, reports and information as required by Section 314 of the Trust Indenture Act (if any) and the compliance certificate required by Section 314 of the Trust Indenture Act in the form, in the manner and at the times required by Section 314 of the Trust Indenture Act.

SECTION 2.05 Evidence of Compliance with Conditions Precedent.

The Guarantor shall provide to the Guarantee Trustee such evidence of compliance with any conditions precedent, if any, provided for in this Guarantee which relate to any of the matters set forth in Section 314(c) of the Trust Indenture Act. Any certificate or opinion required to be given by an officer pursuant to Section 314(c)(1) may be given in the form of an Officers' Certificate.

SECTION 2.06 Event of Default; Waiver.

The Holders of a Majority in liquidation amount of the Preferred Securities may, by vote, on behalf of the Holders of all of the Preferred Securities, waive any past Event of Default and its consequences. Upon such waiver, any such Event of Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Guarantee, but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent therefrom.

SECTION 2.07 Event of Default; Notice.

(a) The Guarantee Trustee shall, within 30 days after the occurrence of an Event of Default actually known to the Guarantee Trustee, transmit by mail, first-class postage prepaid, to the Holders, notices of all Events of Default known to the Guarantee Trustee, unless such defaults have been cured before the giving of such notice; provided that, except in the case of a default in the payment of a Guarantee Payment, the Guarantee Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or Responsible Officers of the Guarantee Trustee in good faith determines that the withholding of such notice is in the interests of the Holders.

(b) The Guarantee Trustee shall not be deemed to have knowledge of any Event of Default except any Event of Default as to which the Guarantee Trustee shall have received written notice or a Responsible Officer charged with the administration of the Declaration shall have obtained written notice.

SECTION 2.08 Conflicting Interests.

The Declaration shall be deemed to be specifically described in this

Guarantee for the purposes of clause (i) of the first proviso contained in Section 310(b) of the Trust Indenture Act.

ARTICLE III

Powers, Duties and Rights of Guarantee Trustee

SECTION 3.01 Powers, Duties and Rights of Guarantee Trustee.

(a) This Guarantee shall be held by the Guarantee Trustee for the benefit of the Holders, and the Guarantee Trustee shall not transfer this Guarantee to any Person except a Holder exercising his or her rights pursuant to Section 5.05(d) or to a Successor Guarantee Trustee on acceptance by such Successor Guarantee Trustee of its appointment to act as Successor Guarantee Trustee. The right, title and interest of the Guarantee Trustee shall automatically vest in any Successor Guarantee Trustee, and such vesting and cessation of title shall be effective whether or not conveyancing documents have been executed and delivered pursuant to the appointment of such Successor Guarantee Trustee.

(b) If an Event of Default has occurred and is continuing, the Guarantee Trustee shall enforce this Guarantee for the benefit of the Holders.

(c) The Guarantee Trustee, before the occurrence of any Event of Default and after the curing of all Events of Default that may have occurred, shall undertake to perform only such duties as are specifically set forth in this Guarantee, and no implied covenants shall be read into this Guarantee against the Guarantee Trustee. In case an Event of Default has occurred (that has not been cured or waived pursuant to Section 2.06) and is known to the Guarantee Trustee, the Guarantee Trustee shall exercise such of the rights and powers vested in it by this Guarantee, and use the same degree of care and skill in its exercise thereof, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(d) No provision of this Guarantee shall be construed to relieve the Guarantee Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) prior to the occurrence of any Event of Default and after the curing or waiving of all such Events of Default that may have occurred:

(A) the duties and obligations of the Guarantee Trustee shall be determined solely by the express provisions of this Guarantee, and the Guarantee Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Guarantee, and no implied covenants or obligations shall be read into this Guarantee against the Guarantee Trustee; and

(B) in the absence of bad faith on the part of the Guarantee Trustee, the Guarantee Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Guarantee Trustee and conforming to the requirements of this Guarantee; but in the case of any such certificates or opinions that by any provision hereof are specifically required to be furnished to the Guarantee Trustee, the Guarantee Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Guarantee;

(ii) the Guarantee Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Guarantee Trustee, unless it shall be proved that the Guarantee Trustee was negligent in ascertaining the pertinent facts upon which such judgment was made;

(iii) the Guarantee Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a Majority in liquidation amount of the Preferred Securities, relating to the time, method and place of conducting any proceeding for any remedy available to the Guarantee Trustee, or exercising any trust or power conferred upon the Guarantee Trustee under this Guarantee; and

(iv) no provision of this Guarantee shall require the Guarantee Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

SECTION 3.02 Certain Rights of Guarantee Trustee.

(a) Subject to the provisions of Section 3.01:

(i) the Guarantee Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed, sent or presented by the proper party or parties;

(ii) any direction or act of the Guarantor contemplated by this Guarantee shall be sufficiently evidenced by an Officers' Certificate;

(iii) whenever, in the administration of this Guarantee, the Guarantee Trustee shall deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Guarantee Trustee (unless other evidence is herein specifically prescribed) may, in the absence of bad faith on its part, request and rely upon an Officers' Certificate which, upon receipt of such request, shall be promptly delivered by the Guarantor;

(iv) the Guarantee Trustee shall have no duty to see to any recording, filing or registration of any instrument (or any rerecording, refiling or reregistration thereof);

(v) the Guarantee Trustee may consult with legal counsel of its selection, and the written advice or opinion of such legal counsel with respect to legal matters shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by it hereunder in good faith and in accordance with such advice or opinion. Such legal counsel may be legal counsel to the Guarantor or any of its Affiliates and may include any of the Guarantor's employees. The Guarantee Trustee shall have the right at any time to seek instructions concerning the administration of this Guarantee from any court of competent jurisdiction;

(vi) the Guarantee Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Guarantee at the request or direction of any Holder, unless such Holder shall have provided to the Guarantee Trustee security and indemnity satisfactory to the Guarantee Trustee against the costs, expenses (including attorneys' fees and expenses) and liabilities that might be incurred by it in complying with such request or direction, including such reasonable advances as may be requested by the Guarantee Trustee; provided that nothing contained in this Section 3.02(a)(vi) shall be taken to relieve the Guarantee Trustee, upon the occurrence of an Event of Default known to the Guarantee Trustee, of its obligation to exercise the rights and powers vested in it by this Guarantee;

(vii) the Guarantee Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Guarantee Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit; the reasonable expense of every such investigation shall be paid by the Guarantor or, if paid by the Guarantee Trustee, shall be repaid by the Guarantor upon request, except any such expense as may be attributable to the Guarantee Trustee's negligence or bad faith;

(viii) the Guarantee Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, and the Guarantee Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(ix) any action taken by the Guarantee Trustee or its agents hereunder shall bind the Holders, and the signature of the Guarantee Trustee or its agents alone shall be sufficient and effective to perform any such action; it being understood that no third party shall be required to inquire as to the authority of the Guarantee Trustee to so act or as to its compliance with any of the terms and provisions of this Guarantee, both of which shall be conclusively evidenced by the Guarantee Trustee's or its agent's taking such action;

(x) whenever in the administration of this Guarantee the Guarantee Trustee shall deem it desirable to receive instructions with respect to enforcing any remedy or right or taking any other action hereunder, the Guarantee Trustee (i) may request written instructions from the Holders or, other than with respect to enforcing any remedy or right or taking any action related thereto, the Guarantor, (ii) may refrain from enforcing such remedy or right or taking such other action until such written instructions are received, and (iii) shall be protected in acting in accordance with such written instructions; and

(xi) the Guarantee Trustee shall not be charged with knowledge of any default or Event of Default hereunder unless a Responsible Officer of the Guarantee Trustee shall have knowledge of the default or Event of Default.

(b) No provision of this Guarantee shall be deemed to impose any duty or obligation on the Guarantee Trustee to perform any act or acts or exercise any right, power, duty or obligation conferred or imposed on it, in any jurisdiction in which it shall be illegal, or in which the Guarantee Trustee shall be unqualified or incompetent in accordance with applicable law, to perform any such act or acts or to exercise any such right, power, duty or obligation. No permissive power or authority available to the Guarantee Trustee shall be construed to be a duty.

SECTION 3.03 Not Responsible for Recitals or Issuance of Guarantee.

The recitals contained in this Guarantee shall be taken as the statements of the Guarantor, and the Guarantee Trustee does not assume any responsibility for their correctness. The Guarantee Trustee makes no representations as to the validity or sufficiency of this Guarantee.

SECTION 3.04 Compensation; Reimbursement; Indemnity.

The Guarantor agrees:

(a) to pay the Guarantee Trustee from time to time such reasonable compensation as the Guarantor and the Guarantee Trustee shall from time to time agree in writing for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust); and

(b) except as otherwise expressly provided herein, to reimburse the Guarantee Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Guarantee Trustee in accordance with the provisions of this Guarantee (including the reasonable compensation and expenses of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith.

As security for the performance of the obligations of the Guarantor under this Section 3.04, the Guarantee Trustee shall have a lien, prior to the Preferred Securities, upon all the property and funds held or collected by the Guarantee Trustee as such, except funds held in trust for the payment of principal of, and premium (if any) or interest on, particular obligations of the Guarantor under this Guarantee.

The provisions of this Section 3.04 shall survive the termination of this Guarantee.

ARTICLE IV

Guarantee Trustee

SECTION 4.01 Guarantee Trustee; Eligibility.

(a) There shall at all times be a Guarantee Trustee which shall:

(i) not be an Affiliate of the Guarantor; and

(ii) be a corporation organized and doing business under the laws of the United States of America or any State or Territory thereof or of the District of Columbia, or a corporation or Person permitted by the Securities and Exchange Commission to act as an institutional trustee under the Trust Indenture Act, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least 50 million U.S. dollars (\$50,000,000), and subject to supervision or examination by Federal, State, Territorial or District of Columbia authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the supervising or examining authority referred to above, then, for the purposes of this Section 4.01(a)(ii), the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) If at any time the Guarantee Trustee shall cease to be eligible to so act under Section 4.01(a), the Guarantee Trustee shall immediately resign in the manner and with the effect set out in Section 4.02(c).

(c) If the Guarantee Trustee has or shall acquire any "conflicting interest" within the meaning of Section 3.10(b) of the Trust Indenture Act, the Guarantee Trustee and Guarantor shall in all respects comply with the provisions of Section 3.10(b) of the Trust Indenture Act.

SECTION 4.02 Appointment, Removal and Resignation of Guarantee Trustee.

(a) Subject to Section 4.02(b), the Guarantee Trustee may be appointed or removed without cause at any time by the Guarantor.

(b) The Guarantee Trustee shall not be removed in accordance with Section 4.02(a) until a Successor Guarantee Trustee has been appointed and has accepted such appointment by written instrument executed by such Successor Guarantee Trustee and delivered to the Guarantor.

(c) The Guarantee Trustee appointed to office shall hold office until a Successor Guarantee Trustee shall have been appointed or until its removal or resignation. The Guarantee Trustee may resign from office (without need for prior or subsequent accounting) by an instrument in writing executed by the Guarantee Trustee and delivered to the Guarantor, which resignation shall not take effect until a Successor Guarantee Trustee has been appointed and has accepted such appointment by instrument in writing executed by such Successor Guarantee Trustee and delivered to the Guarantor and the resigning Guarantee Trustee.

(d) If no Successor Guarantee Trustee shall have been appointed and accepted appointment as provided in this Section 4.02 within 60 days after delivery to the Guarantor of an instrument of removal or resignation, the Guarantee Trustee resigning or being removed may petition any court of competent jurisdiction for appointment of a Successor Guarantee Trustee. Such court may thereupon, after prescribing such notice, if any, as it may deem proper, appoint a Successor Guarantee Trustee.

(e) No Guarantee Trustee shall be liable for the acts or omissions to act of any Successor Guarantee Trustee.

(f) Upon termination of this Guarantee or removal or resignation of the Guarantee Trustee pursuant to this Section 4.02, the Guarantor shall pay to the Guarantee Trustee all amounts accrued to the date of such termination, removal or resignation.

GUARANTEE

SECTION 5.01 Guarantee.

The Guarantor irrevocably and unconditionally agrees to pay in full on a subordinated basis to the Holders the Guarantee Payments (without duplication of amounts theretofore paid by or on behalf of the Issuer), as and when due, in U.S. dollars regardless of any defense, right of setoff or counterclaim that the Issuer may have or assert other than the defense of payment. The Guarantor's obligation to make a Guarantee Payment may be satisfied by direct payment of the required amounts by the Guarantor to the Holders or by causing the Issuer to pay such amounts to the Holders.

SECTION 5.02 Subordination.

If a Debenture Event of Default or a Declaration Event of Default (or an event that, with passage of time, would become a Debenture Event of Default) shall have occurred and be continuing, the rights of holders of the Common Securities to receive Guarantee Payments under the Common Securities Guarantee are subordinated to the rights of Holders to receive Guarantee Payments under this Guarantee.

SECTION 5.03 Waiver of Notice and Demand.

The Guarantor hereby waives notice of acceptance of this Guarantee and of any liability to which it applies or may apply, presentment, demand for payment, any right to require a proceeding first against the Issuer or any other Person before proceeding against the Guarantor, protest, notice of nonpayment, notice of dishonor, notice of redemption and all other notices and demands.

SECTION 5.04 Obligations Not Affected.

The obligations, covenants, agreements and duties of the Guarantor under this Guarantee shall in no way be affected or impaired by reason of the happening from time to time of any of the following:

- (a) the release or waiver, by operation of law or otherwise, of the performance or observance by the Issuer of any express or implied agreement, covenant, term or condition relating to the Preferred Securities to be performed or observed by the Issuer;
- (b) the extension of time for the payment by the Issuer of all or any portion of the Distributions, the amount payable upon redemption or the amount payable upon liquidation of the Issuer or any other sums payable under the terms of the Preferred Securities or the extension of time for the performance of any other obligation under, arising out of, or in connection with, the Preferred Securities (other than an extension of time for payment of Distributions that results from the extension of any interest payment period on the Debentures permitted by the Indenture);
- (c) any failure, omission, delay or lack of diligence on the part of the Holders to enforce, assert or exercise any right, privilege, power or remedy conferred on the Holders pursuant to the terms of the Preferred Securities, or any action on the part of the Issuer granting indulgence or extension of any kind;
- (d) the voluntary or involuntary liquidation, dissolution, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, the Issuer or any of the assets of the Issuer;
- (e) any invalidity of, or defect or deficiency in the Preferred Securities;
- (f) the settlement or compromise of any obligation guaranteed hereby or hereby incurred; or
- (g) any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a guarantor, it being the intent of this Section 5.04 that the obligations of the Guarantor hereunder shall be absolute and unconditional under any and all circumstances.

There shall be no obligation of the Holders or any other Person to give notice to, or obtain consent of, the Guarantor with respect to the happening of any of the foregoing.

SECTION 5.05 Rights of Holders.

The Guarantor expressly acknowledges that:

- (a) This Guarantee will be deposited with the Guarantee Trustee to be held for the benefit of the Holders.
- (b) The Guarantee Trustee has the right to enforce this Guarantee on behalf of the Holders.
- (c) The Holders of a Majority in liquidation amount of the Preferred Securities have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Guarantee Trustee in respect of this Guarantee or exercising any trust or power conferred upon the Guarantee Trustee under this Guarantee.
- (d) Any Holder may institute a legal proceeding directly

against the Guarantor to enforce its rights under this Guarantee, without first instituting a legal proceeding against the Issuer, the Guarantee Trustee or any other Person.

SECTION 5.06 Guarantee of Payment.

This Guarantee creates a guarantee of payment and not of collection. This Guarantee will not be discharged except by payment of the Guarantee Payments in full (without duplication of amounts theretofore paid by the Issuer) or upon distribution of Debentures to Holders as provided in the Declaration.

SECTION 5.07 Subrogation.

The Guarantor shall be subrogated to all (if any) rights of the Holders against the Issuer in respect of any amounts paid to such Holders by the Guarantor under this Guarantee and shall have the right to waive payment by the Issuer pursuant to Section 5.01; provided, however, that the Guarantor shall not (except to the extent required by mandatory provisions of law) be entitled to enforce or exercise any right that it may acquire by way of subrogation or any indemnity, reimbursement or other agreement, in all cases as a result of payment under this Guarantee, if, at the time of any such payment, any amounts are due and unpaid under this Guarantee. If any amount shall be paid to the Guarantor in violation of the preceding sentence, the Guarantor agrees to hold such amount in trust for the Holders and to pay over such amount to the Holders.

SECTION 5.08 Independent Obligations.

The Guarantor acknowledges that its obligations hereunder are independent of the obligations of the Issuer with respect to the Preferred Securities, and that the Guarantor shall be liable as principal and as debtor hereunder to make Guarantee Payments pursuant to the terms of this Guarantee notwithstanding the occurrence of any event referred to in subsections (a) through (g), inclusive, of Section 5.04 hereof.

SECTION 5.09 Conversion.

The Guarantor acknowledges its obligation to issue and deliver Class B Common Stock upon the conversion of the Preferred Securities.

ARTICLE VI

Limitation of Transactions; Subordination

SECTION 6.01 Limitation of Transactions.

So long as any Preferred Securities remain outstanding, if there shall have occurred and be continuing a Debenture Event of Default, a Declaration Event of Default or an event that, with the giving of notice or the lapse of time or both, would constitute a Debenture Event of Default or a Declaration Event of Default, or a selection by the Guarantor of a Deferral Period as provided in the Indenture and such period, or any extension thereof, shall be continuing, then (a) the Guarantor shall not declare or pay any dividend on, or make any distribution with respect to, or redeem, purchase, acquire or make a liquidation payment with respect to, any of its capital stock (other than stock dividends paid by the Guarantor which stock dividends consist of the stock of the same class as that on which the dividend is being paid), (b) the Guarantor shall not make any payment of interest, principal or premium, if any, on or repay, repurchase or redeem any debt securities issued by the Guarantor which rank pari passu with or junior in interest to the Debentures and (c) the Guarantor shall not make any guarantee payments with respect to any guarantee by the Guarantor of the debt securities of any subsidiary of the Guarantor if such guarantee ranks pari passu with or junior in interest to the Debentures (in each case, other than (A) dividends or distributions in Class B Common Stock, (B) any declaration of a dividend in connection with the implementation of a stockholders' rights plan, or the issuance of stock under any such plan in the future, or the redemption or repurchase of any such rights pursuant thereto, (C) payments under this Guarantee and the Common Securities Guarantee, (D) purchases or acquisitions of shares of Class B Common Stock in connection with the satisfaction by the Guarantor of its obligations under any employee benefit plan or any other contractual obligation of the Guarantor (other than a contractual obligation ranking pari passu with or junior in interest to the Debentures), (E) as a result of a reclassification of the Guarantor's capital stock or the exchange or conversion of one class or series of the Guarantor's capital stock for another class or series of the Guarantor's capital stock or (F) the purchase of fractional interests in shares of the Guarantor's capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged).

SECTION 6.02 Ranking.

This Guarantee will constitute an unsecured obligation of the Guarantor and will rank subordinate to all Senior Debt of the Guarantor to the same extent that the Debentures are subordinated pursuant to the Indenture.

ARTICLE VII

TERMINATION

SECTION 7.01 Termination.

This Guarantee shall terminate upon (i) full payment of the amount payable upon redemption of all Preferred Securities, (ii) the distribution of Class B Common Stock to the Holders in respect of the conversion of the Preferred Securities into Class B Common Stock, (iii) the distribution of the Debentures to the Holders of all of the Preferred Securities or (iv) full payment of the amounts payable in accordance with the Declaration upon

liquidation of the Issuer. Notwithstanding the foregoing, this Guarantee will continue to be effective or will be reinstated, as the case may be, if at any time any Holder must restore payment of any sums paid under the Preferred Securities or under this Guarantee.

ARTICLE VIII

Indemnification

SECTION 8.01 Exculpation.

(a) No Indemnified Person shall be liable, responsible or accountable in damages or otherwise to the Guarantor or any Covered Person for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Indemnified Person in good faith in accordance with this Guarantee and in a manner that such Indemnified Person reasonably believed to be within the scope of the authority conferred on such Indemnified Person by this Guarantee or by law, except that an Indemnified Person shall be liable for any such loss, damage or claim incurred by reason of such Indemnified Person's negligence or willful misconduct with respect to such acts or omissions.

(b) An Indemnified Person shall be fully protected in relying in good faith upon the records of the Guarantor and upon such information, opinions, reports or statements presented to the Guarantor by any Person as to matters the Indemnified Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Guarantor, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses, or any other facts pertinent to the existence and amount of assets from which Distributions to Holders might properly be paid.

SECTION 8.02 Indemnification.

(a) The Guarantor agrees to indemnify each Indemnified Person for, and to hold each Indemnified Person harmless against, any and all loss, liability or expense including taxes (other than taxes based on the income of such Indemnified Person) incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses (including reasonable legal fees and expenses) of defending itself against or investigating any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The obligation to indemnify as set forth in this Section 8.02 shall survive the termination of this Guarantee.

(b) To the fullest extent permitted by applicable law, expenses (including legal fees and expenses) incurred by an Indemnified Person in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Guarantor prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Guarantor of an undertaking by or on behalf of the Indemnified Person to repay such amount if it shall be determined that the Indemnified Person is not entitled to be indemnified as authorized in Section 8.02(a).

(c) No Indemnified Person shall claim or exact any lien or charge on any Guarantee Payments as a result of any amount due to it under this Guarantee.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01 Successors and Assigns.

All guarantees and agreements contained in this Guarantee shall bind the successors, assigns, receivers, trustees and representatives of the Guarantor and shall inure to the benefit of the Holders.

SECTION 9.02 Amendments.

Except with respect to any changes that do not materially adversely affect the rights of Holders (in which case no consent of Holders will be required), this Guarantee may only be amended with the prior approval of the Holders of a Majority in liquidation amount of the Preferred Securities then outstanding; provided, however, that no amendment that affects the rights, powers, duties, obligations or immunities of the Guarantee Trustee shall be effective unless approved in writing by the Guarantee Trustee. The provisions of Section 12.02 of the Declaration with respect to meetings of holders of the Securities (as defined in the Declaration) apply to the giving of such approval.

SECTION 9.03 Notices.

All notices provided for in this Guarantee shall be in writing, duly signed by the party giving such notice, and shall be delivered, telecopied or mailed by first-class mail, as follows:

(a) if given to the Issuer, in care of the Regular Trustees at the Issuer's mailing address set forth below (or such other address as the Issuer may give notice):

Continental Airlines Finance Trust II
c/o Continental Airlines, Inc.
1600 Smith Street, HQSE0
Houston, Texas 77002
Attention: General Counsel and Chief Financial Officer
Facsimile No.: (713) 324-2687

(b) If given to the Guarantee Trustee, at the Guarantee Trustee's mailing address set forth below (or such other address as the Guarantee Trustee may give notice of to the Holders):

Wilmington Trust Company
Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890
Attn: Corporate Trust Administration

(c) If given to the Guarantor, at the Guarantor's mailing address set forth below (or such other address as the Guarantor may give notice of to the Holders):

Continental Airlines, Inc.
1600 Smith Street, HQSE0
Houston, Texas 77002
Attention: General Counsel and Chief Financial Officer
Facsimile No.: (713) 324-2687

(d) If given to any Holder, at the address set forth on the books and records of the Issuer.

All such notices shall be deemed to have been given when received in person, telecopied with receipt confirmed, or mailed by first class mail, postage prepaid except that if a notice or other document is refused delivery or cannot be delivered because of a changed address of which no notice was given, such notice or other document shall be deemed to have been delivered on the date of such refusal or inability to deliver.

SECTION 9.04 Benefit.

This Guarantee is solely for the benefit of the Holders and, subject to Section 3.01(a), is not separately transferable from the Preferred Securities.

SECTION 9.05 Governing Law.

THIS GUARANTEE SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

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This GUARANTEE is executed as of the day and year first above written.

CONTINENTAL AIRLINES, INC.
as Guarantor

By /s/ Gerald Laderman

Name: Gerald Laderman
Title: Senior Vice President
Finance

WILMINGTON TRUST COMPANY
as Guarantee Trustee

By /s/ W. Chris Sponenberg

Name: W. Chris Sponenberg
Title: Assistant Vice President

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COMMON SECURITIES GUARANTEE AGREEMENT

DELIVERED BY

CONTINENTAL AIRLINES, INC.

FOR THE BENEFIT OF THE HOLDERS OF COMMON SECURITIES OF

CONTINENTAL AIRLINES FINANCE TRUST II

=====

This COMMON SECURITIES GUARANTEE AGREEMENT (the "Common Securities Guarantee"), dated as of November 10, 2000, is executed and delivered by Continental Airlines, Inc., a Delaware corporation (the "Guarantor"), for the benefit of the Holders (as defined herein) from time to time of the Common Securities (as defined in the Declaration (as defined herein)) of Continental Airlines Finance Trust II, a Delaware business trust (the "Issuer").

WHEREAS, pursuant to an Amended and Restated Declaration of Trust (the "Declaration"), dated as of November 10, 2000, among the trustees of the Issuer named therein, the Guarantor, as sponsor, and the holders from time to time of undivided beneficial interests in the assets of the Issuer, the Issuer may issue up to 5,750,000 Preferred Securities (as defined in the Declaration), having an aggregate liquidation amount of up to \$287,500,000; and

WHEREAS, pursuant to the Declaration, the Issuer may issue up to 177,836 Common Securities, having an aggregate stated liquidation amount of up to \$7,732,000 designated the 6% Convertible Common Securities (liquidation amount \$50 per each of the Convertible Common Securities) (the "Common Securities");

WHEREAS as incentive for the Holders to purchase the Common Securities, the Guarantor desires irrevocably and unconditionally to agree, to the extent set forth in this Common Securities Guarantee, to pay on a subordinated basis to the Holders of the Common Securities the Guarantee Payments (as defined herein) and to make certain other payments on the terms and conditions set forth herein; and

WHEREAS the Guarantor is also executing and delivering a guarantee agreement in substantially identical terms to this Common Securities Guarantee for the benefit of the holders of the Preferred Securities (the "Guarantee") except that if a Debenture Event of Default or a Declaration Event of Default (each as defined herein) (or an event that, with passage of time, would become a Debenture Event of Default) shall have occurred and be continuing, the rights of Holders of the Common Securities to receive Guarantee Payments under this Common Securities Guarantee are subordinated to the rights of holders of Preferred Securities to receive Guarantee Payments under the Guarantee.

NOW, THEREFORE, in consideration of the purchase by each Holder of Common Securities, which purchase the Guarantor hereby agrees shall benefit the Guarantor, the Guarantor executes and delivers this Common Securities Guarantee for the benefit of the Holders.

ARTICLE I

DEFINITIONS AND INTERPRETATION

SECTION 1.01 Definitions and Interpretation.

In this Common Securities Guarantee, unless the context otherwise requires, the terms set forth below shall have the following meanings.

(a) capitalized terms used in this Common Securities Guarantee but not defined in the preamble above have the respective meanings assigned to them in this Section 1.01 of the Guarantee;

(b) terms defined in the Declaration as at the date of execution of this Common Securities Guarantee have the same meaning when used in this Common Securities Guarantee unless otherwise defined in this Common Securities

Guarantee or in the Guarantee;

(c) a term defined anywhere in this Common Securities Guarantee has the same meaning throughout;

(d) all references to "the Common Securities Guarantee" or "this Common Securities Guarantee" are to this Common Securities Guarantee as modified, supplemented or amended from time to time;

(e) all references in this Common Securities Guarantee to Articles and Sections are to Articles and Sections of this Common Securities Guarantee unless otherwise specified; and

(f) a reference to the singular includes the plural and vice versa.

"Class B Common Stock" means Class B common stock, par value \$.01 per share, of the Guarantor (or shares of any class or classes resulting from any reclassification or reclassifications thereof).

"Debenture Event of Default" means an Event of Default under the Indenture.

"Declaration Event of Default" means an Event of Default under the Declaration.

"Guarantee Event of Default" means a default by the Guarantor on any of its payment or other obligations under the Common Securities Guarantee.

"Guarantee Payments" means the following payments or distributions, without duplication, with respect to the Common Securities, to the extent not paid or made by or on behalf of the Issuer: (i) any accrued and unpaid Distributions which are required to be paid on such Common Securities, to the extent that the Issuer shall have funds on hand available therefor at such time, (ii) the applicable Redemption Price (as defined in the Indenture) with respect to any Common Securities called for redemption by the Issuer, to the extent that the Issuer has funds on hand available therefor at such time, and (iii) upon a voluntary or involuntary dissolution, winding up or liquidation of the Issuer (other than in connection with the distribution of Debentures to the Holders or the redemption of all the Common Securities), the lesser of (a) the aggregate liquidation amount thereof plus accrued and unpaid Distributions thereon to the date of payment (such amount being the "Liquidation Distribution") to the extent the Issuer has funds available therefor and (b) the amount of assets of the Issuer remaining available for distribution to Holders upon liquidation of the Issuer after satisfaction of liabilities to creditors of the Issuer as required by applicable law.

"Holder" means any holder, as registered on the books and records of the Issuer, of any outstanding Common Securities.

"Senior Debt" shall have the meaning set forth in the Indenture.

ARTICLE II

GUARANTEE

SECTION 2.01 Guarantee.

The Guarantor irrevocably and unconditionally agrees to pay in full on a subordinated basis to the Holders the Guarantee Payments (without duplication of amounts theretofore paid by or on behalf of the Issuer), as and when due, in coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debt regardless of any defense, right of set-off or counterclaim which the Issuer may have or assert other than the defense of payment. The Guarantor's obligation to make a Guarantee Payment may be satisfied by direct payment of the required amounts by the Guarantor to the Holders or by causing the Issuer to pay such amounts to the Holders.

SECTION 2.02 Subordination.

If a Debenture Event of Default or a Declaration Event of Default (or an event that, with passage of time, would become a Debenture Event of Default) shall have occurred and be continuing, the rights of Holders of the Common Securities to receive Guarantee Payments under this Common Securities Guarantee are subordinated to the rights of holders of Preferred Securities to receive Guarantee Payments under the Guarantee.

SECTION 2.03 Waiver of Notice and Demand.

The Guarantor hereby waives notice of acceptance of this Common Securities Guarantee and of any liability to which it applies or may apply, presentment, demand for payment, any right to require a proceeding first against the Issuer or any other Person before proceeding against the Guarantor, protest, notice of nonpayment, notice of dishonor, notice of redemption and all other notices and demands.

SECTION 2.04 Obligations Not Affected.

The obligations, covenants, agreements and duties of the Guarantor under this Common Securities Guarantee shall in no way be affected or impaired by reason of the happening from time to time of any of the following:

(a) the release or waiver, by operation of law or otherwise, of the performance or observance by the Issuer of any express or implied agreement,

covenant, term or condition relating to the Common Securities to be performed or observed by the Issuer;

(b) the extension of time for the payment by the Issuer of all or any portion of the Distributions, the amount payable upon redemption, or the amount payable upon liquidation of the Issuer or any other sums payable under the terms of the Common Securities or the extension of time for the performance of any other obligation under, arising out of, or in connection with, the Common Securities (other than an extension of time for payment of Distributions, that results from the extension of any interest payment period on the Debentures permitted by the Indenture);

(c) any failure, omission, delay or lack of diligence on the part of the Holders to enforce, assert or exercise any right, privilege, power or remedy conferred on the Holders pursuant to the terms of the Common Securities, or any action on the part of the Issuer granting indulgence or extension of any kind;

(d) the voluntary or involuntary liquidation, dissolution, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, the Issuer or any of the assets of the Issuer;

(e) any invalidity of, or defect or deficiency in the Common Securities;

(f) the settlement or compromise of any obligation guaranteed hereby or hereby incurred; or

(g) any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a guarantor, it being the intent of this Section 2.04 that the obligations of the Guarantor hereunder shall be absolute and unconditional under any and all circumstances.

There shall be no obligation of the Holders or any other Person to give notice to, or obtain consent of, the Guarantor with respect to the happening of any of the foregoing.

SECTION 2.05 Rights of Holders.

The Guarantor expressly acknowledges that any Holder may institute a legal proceeding directly against the Guarantor to enforce its rights under this Common Securities Guarantee, without first instituting a legal proceeding against the Issuer or any other Person.

SECTION 2.06 Guarantee of Payment.

This Common Securities Guarantee creates a guarantee of payment and not of collection. This Common Securities Guarantee will not be discharged except by payment of the Guarantee Payments in full (without duplication of amounts theretofore paid by the Issuer) or upon distribution of Debentures to Holders as provided in the Declaration.

SECTION 2.07 Subrogation.

The Guarantor shall be subrogated to all (if any) rights of the Holders against the Issuer in respect of any amounts paid to such Holders by the Guarantor under this Common Securities Guarantee and shall have the right to waive payment by the Issuer pursuant to Section 2.01; provided, however, that the Guarantor shall not (except to the extent required by mandatory provisions of law) be entitled to enforce or exercise any rights which it may acquire by way of subrogation or any indemnity, reimbursement or other agreement, in all cases as a result of payment under this Common Securities Guarantee, if, at the time of any such payment, any amounts are due and unpaid under this Common Securities Guarantee. If any amount shall be paid to the Guarantor in violation of the preceding sentence, the Guarantor agrees to hold such amount in trust for the Holders and to pay over such amount to the Holders.

SECTION 2.08 Independent Obligations.

The Guarantor acknowledges that its obligations hereunder are independent of the obligations of the Issuer with respect to the Common Securities and that the Guarantor shall be liable as principal and as debtor hereunder to make Guarantee Payments pursuant to the terms of this Common Securities Guarantee notwithstanding the occurrence of any event referred to in subsections (a) through (g), inclusive, of Section 2.04.

SECTION 2.09 Conversion.

The Guarantor acknowledges its obligation to issue and deliver Class B Common Stock upon the conversion of the Common Securities.

SECTION 2.10 Events of Default; Waiver.

The Holders of a majority in liquidation amount of Common Securities may by vote, on behalf of the Holders of all of the Common Securities, waive any past Guarantee Event of Default and its consequences. Upon such waiver, any such Guarantee Event of Default shall cease to exist, and any Guarantee Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Common Securities Guarantee, but no such waiver shall extend to any subsequent or other default or Guarantee Event of Default or impair any right consequent thereon.

ARTICLE III

LIMITATION OF TRANSACTIONS; SUBORDINATION

SECTION 3.01 Limitation of Transactions.

So long as any Common Securities remain outstanding, if (i) there shall have occurred and be continuing a Debenture Event of Default, a Declaration Event of Default or an event that, with the giving of notice or the lapse of time or both, would constitute a Debenture Event of Default or a Declaration Event of Default or (ii) a selection by the Guarantor of a Deferral Period as provided in the Indenture and such period, or any extension thereof, shall be continuing, then (a) the Guarantor shall not declare or pay any dividend on, or make any distributions with respect to, or redeem, purchase, acquire or make a liquidation payment with respect to, any of its capital stock (other than stock dividends paid by the Guarantor which consist of the stock of the same class as that on which the dividend is being paid), (b) the Guarantor shall not make any payment of interest, principal or premium, if any, on or repay, repurchase or redeem any debt securities issued by the Guarantor which rank pari passu with or junior in interest to the Debentures and (c) the Guarantor shall not make any guarantee payments with respect to any guarantee by the Guarantor of the debt securities of any subsidiary of the Guarantor if such guarantee ranks pari passu with or junior in interest to the Debentures (in each case, other than (A) dividends or distributions in Class B Common Stock, (B) any declaration of a dividend in connection with the implementation of a stockholders' rights plan, or the issuance of stock under any such plan in the future, or the redemption or repurchase of any such rights pursuant thereto, (C) payments under the Guarantee and the Common Securities Guarantee, (D) purchases or acquisitions of shares of Class B Common Stock in connection with the satisfaction by the Guarantor of its obligations under any employee benefit plan or any other contractual obligation of the Guarantor (other than a contractual obligation ranking pari passu with or junior in interest to the Debentures), (E) as a result of a reclassification of the Guarantor's capital stock or the exchange or conversion of one class or series of the Guarantor's capital stock for another class or series of the Guarantor's capital stock or (F) the purchase of fractional interests in shares of the Guarantor's capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged).

SECTION 3.02 Ranking.

This Common Securities Guarantee will constitute an unsecured obligation of the Guarantor and will rank subordinate to all Senior Debt of the Guarantor to the same extent that the Debentures (as defined in the Indenture) are subordinated pursuant to the Indenture.

ARTICLE IV

TERMINATION

SECTION 4.01 Termination.

This Common Securities Guarantee shall terminate upon (i) full payment of the amount payable upon redemption of the Common Securities, (ii) the distribution of Class B Common Stock to the Holders in respect of the conversion of the Common Securities into Class B Common Stock, (iii) the distribution of the Debentures to the Holders in exchange for all of the Common Securities or (iv) full payment of the amounts payable in accordance with the Declaration upon liquidation of the Issuer. Notwithstanding the foregoing, this Common Securities Guarantee will continue to be effective or will be reinstated, as the case may be, if at any time any Holder of Common Securities must restore payment of any sums paid under the Common Securities or under this Common Securities Guarantee.

ARTICLE V

MISCELLANEOUS

SECTION 5.01 Successors and Assigns.

All guarantees and agreements contained in this Common Securities Guarantee shall bind the successors, assigns, receivers, trustees and representatives of the Guarantor and shall inure to the benefit of the Holders.

SECTION 5.02 Amendments.

Except with respect to any changes which do not adversely affect the rights of Holders (in which case no consent of Holders will be required), this Common Securities Guarantee may only be amended with the prior approval of the Holders of a majority in liquidation amount of the outstanding Common Securities. The provisions of Section 12.02 of the Declaration with respect to meetings of Holders of the Securities apply to the giving of such approval.

SECTION 5.03 Notices.

All notices provided for in this Common Securities Guarantee shall be in writing, duly signed by the party giving such notice, and shall be delivered, telecopied or mailed by registered or certified mail, as follows:

(a) if given to the Issuer, in care of the Administrative Trustees at the Issuer's mailing address set forth below (or such other address as the

Issuer may give notice of to the Holders of the Common Securities):

Continental Airlines Finance Trust II
c/o Continental Airlines, Inc.
1600 Smith Street, HQSE0
Houston, Texas 77002
Attention: General Counsel and Chief Financial Officer
Facsimile No.: (713) 324-2687

(b) if given to the Guarantor, at the Guarantor's mailing address set forth below (or such other address as the Guarantor may give notice of to the Holders of the Common Securities):

Continental Airlines, Inc.
1600 Smith Street, HQSE0
Houston, Texas 77002
Attention: General Counsel and Chief Financial Officer
Facsimile No.: (713) 324-2687

(c) if given to any Holder of Common Securities, at the address set forth on the books and records of the Issuer.

All such notices shall be deemed to have been given when received in person, telecopied with receipt confirmed, or mailed by first class mail, postage prepaid except that if a notice or other document is refused delivery or cannot be delivered because of a changed address of which no notice was given, such notice or other document shall be deemed to have been delivered on the date of such refusal or inability to deliver.

SECTION 5.04 Benefit.

This Common Securities Guarantee is solely for the benefit of the Holders and is not separately transferable from the Common Securities.

SECTION 5.05 Governing Law.

THIS COMMON SECURITIES GUARANTEE SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

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This COMMON SECURITIES GUARANTEE is executed as of the day and year first above written.

CONTINENTAL AIRLINES, INC., as
Guarantor

By: /s/ Gerald Laderman

Name: Gerald Laderman
Title: Senior Vice President
Finance

Writer's Direct Dial: (212) 225-2520
E-Mail: mryan@cgsh.com

February 7, 2001

Continental Airlines, Inc.
1600 Smith Street
Houston, Texas 77002

Ladies and Gentlemen:

We have acted as special counsel to Continental Airlines, Inc., a Delaware corporation (the "Company"), and Continental Airlines Finance Trust II, a statutory business trust formed under the laws of the State of Delaware (the "Trust"), in connection with the offering pursuant to a registration statement on Form S-3 (No. 333-[]) (the "Registration Statement") of 6% Convertible Preferred Securities, Term Income Deferrable Equity Securities (the "TIDES") representing preferred undivided beneficial interests in the assets of the Trust issued pursuant to an amended and restated declaration of trust dated as of November 10, 2000 (the "Declaration") by the trustees of the Trust, the Company, as trust sponsor, and the holders from time to time of undivided beneficial interests in the Trust. The TIDES are guaranteed by the Company in the manner and to the extent set forth in a Preferred Securities Guarantee Agreement dated as of November 10, 2000 (the "Guarantee Agreement") executed by the Company and Wilmington Trust Company, as trustee for the benefit of the holders from time to time of the TIDES. The Company owns all the common securities (the "Common Securities" and, together with the TIDES, the "Trust Securities") representing undivided beneficial interests in the assets of the Trust issued pursuant to the Declaration and guaranteed by the Company in the manner and to the extent set forth in a Common Securities Guarantee Agreement dated as of November 10, 2000 (the "Common Securities Guarantee Agreement" and, together with the Preferred Securities Guarantee Agreement, the "Guarantee Agreements") executed by the Company for the benefit of the holders from time to time of the Common Securities. The Registration Statement registers the offering from time to time of the TIDES, the Conversion Shares (as defined below), the Guarantee Agreement and the Debentures (as defined below; collectively, the "Registrable Securities").

The Trust issued the Trust Securities and invested the proceeds thereof in an equivalent aggregate principal amount of 6% Convertible Junior Subordinated Debentures (the "Debentures") of the Company issued under an indenture dated as of November 10, 2000 (the "Indenture") between the Company and Wilmington Trust Company, as trustee. The Debentures are convertible into shares of Class B common stock, par value \$.01 per share (the "Class B Common Stock"), of the Company.

In arriving at the opinions expressed below, we have reviewed the following documents:

- (a) an executed copy of the purchase agreement dated November 6, 2000 (the "Purchase Agreement") among the Company, the Trust and the initial purchasers named in Schedule A thereto (the "Initial Purchasers");
- (b) the Offering Circular dated November 6, 2000 relating to the offering of the TIDES;
- (c) an executed copy of each of the Guarantee Agreements;
- (d) a specimen of the certificates representing the Class B Common Stock issuable upon conversion of the 6% Convertible Junior Subordinated Debentures (the "Conversion Shares");
- (e) an executed copy of the Indenture;
- (f) an executed copy of the Declaration;
- (g) the Debentures as executed by the Company;
- (h) an executed copy of the Registration Rights Agreement dated November 10, 2000 among the Company, the Trust and the Initial Purchasers; and
- (i) the documents delivered by the Company and the Trust at the closing pursuant to the Purchase Agreement, including copies of the Company's Restated Certificate of Incorporation and Bylaws certified by the Secretary of State of the State of Delaware and the corporate secretary of the Company, respectively.

In addition, we have reviewed the originals or copies certified or otherwise identified to our satisfaction of all such corporate records of the Company and such other instruments and other certificates of public officials, officers and representatives of the Company and such other persons, and we have made such investigations of law, as we have deemed appropriate as a basis for the opinions expressed below.

In rendering the opinions expressed below, we have assumed the authenticity of all documents submitted to us as originals and the conformity to the originals of all documents submitted to us as copies. In addition, we have assumed and have not verified (i) the accuracy as to factual matters of each document we have reviewed (including, without limitation, the accuracy of the representations and warranties of the Company and the Trust in the Purchase Agreement) and (ii) that the certificates representing the Conversion Shares conform to the specimens thereof that we have reviewed and that the Debentures

were duly authenticated in accordance with the terms of the Indenture.

Based on the foregoing, and subject to the further assumptions and qualifications set forth below, it is our opinion that:

1. The Indenture is a valid, binding and enforceable agreement of the Company.
2. The Debentures are the valid, binding and enforceable obligations of the Company, entitled to the benefits of the Indenture.
3. The Guarantee Agreement is a valid, binding and enforceable agreement of the Company.
4. The Conversion Shares into which the Debentures are convertible at the initial conversion price have been duly reserved for issuance upon conversion and, upon issuance thereof on conversion of the Debentures in accordance with the Indenture and the terms of the Debentures at conversion prices at or in excess of the par value of such Conversion Shares, will be validly issued, fully paid and nonassessable.

Insofar as the foregoing opinions relate to the validity, binding effect or enforceability of any agreement or obligation of the Company or the Trust, (a) we have assumed that each other party to such agreement or obligation has satisfied those legal requirements that are applicable to it to the extent necessary to make such agreement or obligation enforceable against it, and (b) such opinions are subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and to general principles of equity.

The foregoing opinions are limited to the federal law of the United States of America (other than federal aviation law, as to which we express no opinion), the law of the State of New York and the General Corporation Law of the State of Delaware (including the applicable provisions of the Delaware Constitution and reported judicial decisions interpreting that Law).

We hereby consent to the use of our name in the prospectus constituting part of the Registration Statement and in any prospectus supplements related thereto under the heading "Legal Matters" as counsel for the Company who have passed on the validity of the Registrable Securities being registered by the Registration Statement and as having prepared this opinion, and to the use of this opinion as a part (Exhibit 5.1) of the Registration Statement. In giving such consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

CLEARY, GOTTlieb, STEEN & HAMILTON

By /s/ Michael L. Ryan

Michael L. Ryan, a Partner

February 6, 2001

February 7, 2001

Continental Airlines Finance Trust II
c/o Continental Airlines, Inc.
1600 Smith Street, Dept. HQSE0
Houston, Texas 77002

Re: Continental Airlines Finance Trust II

Ladies and Gentlemen:

We have acted as special Delaware counsel to Continental Airlines Finance Trust II, a Delaware statutory business trust (the "Trust"), in connection with certain matters relating to the preparation of Registration Statement No. _____ (and the Prospectus forming a part thereof) on Form S-3 filed with the Securities and Exchange Commission (the "Commission") on February 7, 2001 (the "Registration Statement"), by the Trust and Continental Airlines, Inc. (the "Company"), relating to the registration with the Commission of the Preferred Securities of the Trust.

The Preferred Securities have been issued pursuant to (i) a Purchase Agreement dated as of November 6, 2000 (the "Purchase Agreement") among the purchasers named therein (the "Purchasers"), the Trust and the Company and (ii) the Amended and Restated Declaration of Trust of the Trust dated as of November 10, 2000 (the "Governing Instrument"). Capitalized terms used herein and not otherwise herein defined are used as defined in the Governing Instrument.

In rendering this opinion, we have examined and relied upon copies of the following documents in the forms provided to us: the Certificate of Trust of the Trust as filed in the Office of the Secretary of State of the State of Delaware (the "State Office") on November 6, 2000 (the "Certificate"); a Declaration of Trust of the Trust dated as of November 6, 2000 (the "Original Governing Instrument"); the Governing Instrument; the Indenture dated as of November 10, 2000 between the Company and Wilmington Trust Company, as Trustee; the Preferred Securities Guarantee Agreement dated as of November 10, 2000 between the Company and Wilmington Trust Company, as Trustee; the Purchase Agreement; the Trust's Confidential Offering Circular dated November 6, 2000 relating to the Securities (the "Offering Circular"); the Registration Rights Agreement dated November 10, 2000 among the Trust, the Company and the Purchasers; the Registration Statement; and a certification of good standing of the Trust obtained as of a recent date from the State Office. In such examinations, we have assumed the genuineness of all signatures, the conformity to original documents of all documents submitted to us as drafts or copies or forms of documents to be executed and the legal capacity of natural persons to complete the execution of documents. We have further assumed for purposes of this opinion: (i) the due formation or organization, valid existence and good standing of each entity (other than the Trust) that is a signatory to any of the documents reviewed by us under the laws of the jurisdiction of its respective formation or organization; (ii) the due authorization, execution and delivery by, or on behalf of, each of the signatories thereto of the above-referenced documents (including, without limitation, the due authorization, execution and delivery of the Governing Instrument and the Purchase Agreement prior to the first issuance of Preferred Securities); (iii) that no event has occurred subsequent to the filing of the Certificate that would cause a dissolution or liquidation of the Trust under the Original Governing Instrument or the Governing Instrument, as applicable; (iv) that the activities of the Trust have been and will be conducted in accordance with the Original Governing Instrument or the Governing Instrument, as applicable, and the Delaware Business Trust Act, 12 Del. C. ss. 3801 et seq. (the "Delaware Act"); (v) that the required consideration for the Preferred Securities has been paid in accordance with the terms and conditions of the Governing Instrument, the Offering Circular and the Purchase Agreement and that the Preferred Securities have otherwise been issued and sold to, and held or transferred by, the Preferred Securities Holders (and any subsequent transferee), and all transfers have been made, in accordance with the terms, conditions, requirements and procedures set forth in the Governing Instrument, the Offering Circular and the Purchase Agreement; (vi) that the Sponsor has directed the Administrative Trustees to take the actions contemplated by Section 3.06(b) of the Governing Instrument; (vii) that none of the Preferred Securities have been called for redemption, redeemed, converted or exchanged or canceled (except in connection with a permitted transfer) and all of the Preferred Securities remain outstanding; and (viii) that the documents examined by us are in full force and effect, express the entire understanding of the parties thereto with respect to the subject matter thereof and have not been amended, supplemented or otherwise modified, except as herein referenced. No opinion is expressed with respect to the requirements of, or compliance with, federal or state securities or blue sky laws. We have not reviewed any documents other than those identified above in connection with this opinion, and we have assumed that there are no other documents that are contrary to or inconsistent with the opinions expressed herein. As to any fact material to our opinion, other than those assumed, we have relied without independent investigation on the above-referenced documents and certificates and on the accuracy, as of the date hereof, of the matters therein contained.

Based on and subject to the foregoing, and to the qualifications set forth below, and limited in all respects to matters of

Delaware law, it is our opinion that:

1. The Trust is a duly formed and validly existing statutory business trust in good standing under the laws of the State of Delaware.

2. The Preferred Securities constitute validly issued, fully paid and nonassessable beneficial interests in the assets of the Trust. We note that pursuant to Section 11.04 of the Governing Instrument, the Trust may withhold amounts otherwise distributable to a Preferred Security Holder and pay over such amounts to the applicable jurisdictions in accordance with federal, state and local law and any amount withheld will be deemed to have been distributed to such Holder and that, pursuant to the Governing Instrument, Preferred Security Holders may be obligated to make payments or provide indemnity or security under the circumstances set forth therein.

3. Under the Delaware Act and the terms of the Governing Instrument, each Preferred Security Holder of the Trust, in such capacity, will be entitled to the same limitation of personal liability extended to stockholders of private corporations for profit organized under the General Corporation Law of the State of Delaware; provided, however, we express no opinion with respect to the liability of any Preferred Security Holder who is, was or may become a named Trustee of the Trust.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our name under the heading "LEGAL MATTERS" in the Prospectus. In giving this consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the Commission thereunder. This opinion speaks only as of the date hereof and is based on our understandings and assumptions as to present facts, and on our review of the above-referenced documents and the application of Delaware law as the same exist as of the date hereof, and we undertake no obligation to update or supplement this opinion after the date hereof for the benefit of any person or entity with respect to any facts or circumstances that may hereafter come to our attention or any changes in facts or law that may hereafter occur or take effect. This opinion is intended solely for the benefit of the addressee hereof in connection with the matters contemplated hereby and may not be relied upon by any other person or entity or for any other purpose without our prior written consent.

Very truly yours,

MORRIS, NICHOLS, ARSHT & TUNNELL

/s/ Jonathan I. Lessner

Jonathan I. Lessner

Writer's Direct Dial: (212) 225-2786
E-Mail: yreich@cgsh.com

February 7, 2001

Continental Airlines, Inc.
1600 Smith St.
Houston, Texas 77002

Re: 5,000,000 Term Income Deferrable Equity Securities
(the "TIDES") of Continental Airlines Finance Trust II

Ladies and Gentlemen:

We have acted as special counsel to Continental Airlines, Inc., a Delaware corporation (the "Company"), and Continental Airlines Finance Trust II, a statutory business trust formed under the laws of the State of Delaware (the "Trust"), in connection with the Trust and the Company's offering pursuant to a registration statement on Form S-3 (No. 333-[]) (the "Registration Statement") of the TIDES, representing preferred undivided beneficial interests in the assets of the Trust (the "TIDES"), the underlying Class B common stock, par value \$0.01 per share, of the Company (the "Common Stock"), the Preferred Securities Guarantee of the TIDES by the Company (the "Guarantee") and the 6% Convertible Junior Subordinated Debentures due 2030 of the Company (the "Subordinated Debentures" and collectively, the "Registrable Securities"). Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Indenture.

In arriving at the opinions expressed below, we have examined and relied upon the originals or copies, certified or otherwise identified to our satisfaction, of the declaration of trust of the Trust dated as of November 6, 2000 (the "Declaration of Trust"), the amended and restated declaration of trust of the Trust dated as of November 10, 2000 (the "Amended and Restated Declaration of Trust"), certificate as to certain factual matters from the Company dated November 10, 2000, and the Indenture, and of such records, documents, instruments and certificates, and we have made such investigations of law, as we have deemed appropriate as a basis for the opinions expressed below. We have assumed and have not verified that the signatures on all documents that we have examined are genuine and that each person signing each such document was duly authorized to sign such document on behalf of the person or entity purported to be bound thereby. In addition, for purposes of rendering the opinions expressed below, we have assumed, without investigation on our part, that (i) the Declaration of Trust, the Amended and Restated Declaration of Trust and the Indenture have been duly authorized and validly executed and delivered by the Company, the Trust and the Trustees and are legal, valid, binding and enforceable instruments of the Company, the Trust and the Trustees and (ii) each of the Indenture, the Subordinated Debentures, the Declaration of Trust, the Indenture, the TIDES and the Guarantee has not been amended in any material respect and the Trust has at all times been operated in accordance with the terms of the Declaration of Trust.

Based on the foregoing, we are of the opinion that:

- (i) The Trust will be characterized as a grantor trust for U.S. federal income tax purposes and not as a partnership or as an association subject to tax as a corporation; and
- (ii) The Convertible Junior Subordinated Debentures constitute indebtedness of the Company.

The opinions expressed above are based on the Internal Revenue Code of 1986, as amended, and other laws and regulations, rulings and decisions in effect on the date hereof, all of which are subject to change (which change could apply retroactively).

We hereby consent to the use of our name in the prospectus constituting part of the Registration Statement under the heading "Tax Consequences" as counsel for the Company who have passed on the material tax consequences of the Registrable Securities being registered by the Registration Statement and as having prepared this opinion, and to the use of this opinion as a part (Exhibit 8.1) of the Registration Statement. In giving such consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission thereunder.

We note that this opinion letter speaks only as of the date hereof, and we assume no obligation to update this opinion letter.

Very truly yours,

CLEARY, GOTTLIB, STEEN & HAMILTON

By: /s/ Yaron Z. Reich

Yaron Z. Reich, a Partner

CONTINENTAL AIRLINES FINANCE TRUST II

6% Convertible Preferred Securities
 Term Income Deferrable Equity Securities (TIDES)⁴
 (liquidation amount \$50 per each of the TIDES)
 guaranteed to the extent set forth
 in the Guarantee Agreement by, and
 convertible into Class B Common Stock of,
 Continental Airlines, Inc.

REGISTRATION RIGHTS AGREEMENT

November 10, 2000

Credit Suisse First Boston Corporation
 UBS Warburg LLC
 c/o Credit Suisse First Boston Corporation
 Eleven Madison Avenue
 New York, NY 10010-3629

Dear Sirs:

Continental Airlines Finance Trust II, a business trust formed under the laws of the State of Delaware (the "Trust") by Continental Airlines, Inc., a Delaware corporation (the "Company"), proposes to issue and sell to you, as initial purchasers (the "Purchasers"), upon the terms set forth in a purchase agreement dated November 6, 2000 (the "Purchase Agreement"), among the Purchasers, the Company and the Trust up to 5,750,000 6% Convertible Preferred Securities, Term Income Deferrable Equity Securities (TIDES)SM ("TIDES") (liquidation amount \$50 per each of the TIDES) (the "Initial Placement"). The proceeds of the sale by the Trust of the TIDES and the 6% Convertible Common Securities, liquidation amount \$50 per Common Security (the "Common Securities"), are to be invested in the Convertible Junior Subordinated Debentures Due 2030 of the Company (the "Convertible Junior Subordinated Debentures") having an aggregate principal amount equal to the aggregate liquidation amount of the TIDES and the Common Securities. The TIDES are guaranteed by the Company to the extent set forth in the Guarantee Agreement dated as of November 10, 2000 (the "Guarantee"), between the Company and Wilmington Trust Company, as trustee, and are convertible into Class B common stock, par value \$.01 per share (together with shares of any class or classes resulting from any reclassification or reclassifications thereof, "Class B Common Stock"), of the Company. As an inducement to you to enter into the Purchase Agreement and in satisfaction of a condition to your obligations thereunder, the Trust and the Company agree with you, (i) for your benefit and (ii) for the benefit of the registered holders from time to time of the TIDES and the Convertible Junior Subordinated Debentures and the record holders of the Class B Common Stock of the Company issuable upon conversion of the TIDES or the Convertible Junior Subordinated Debentures (collectively, together with the Guarantee by the Company of the TIDES, the "Securities"), including the Purchasers (each of the foregoing a "Holder" and together the "Holders"), as follows:

1. Definitions. Capitalized terms used herein without definition shall have their respective meanings set forth in or pursuant to the Purchase Agreement or, if not defined therein, in the Confidential Offering Circular dated November 6, 2000, in respect of the TIDES or, if not defined therein, in the Amended and Restated Declaration of Trust dated as of November 10, 2000 (the "Declaration") relating to the Trust. As used in this Agreement, the following capitalized defined terms shall have the following meanings:

"Act" or "Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Affiliate" of any specified person means any other person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such specified person. For purposes of this definition, control of a person means the power, direct or indirect, to direct or cause the direction of the management and policies of such person whether by contract or otherwise; the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Business Day" means any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions in The City of New York or Wilmington, Delaware are authorized or required by law or executive order to remain closed or (iii) a day on which the corporate trust office of the Debenture Trustee or the Property Trustee is closed for business.

"Class B Common Stock" has the meaning set forth in the first paragraph to this Agreement.

"Commission" means the Securities and Exchange Commission.

"Company" has the meaning set forth in the first paragraph to this Agreement.

"Convertible Junior Subordinated Debentures" has the meaning set forth in the first paragraph to this Agreement.

"Debenture Trustee", "Guarantee Trustee" and "Property Trustee" each means Wilmington Trust Company, a Delaware banking corporation.

"Electing Holder" has the meaning assigned thereto in Section 2(c)(iii) hereof.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"First Closing Date" has the meaning given such term in the Purchase Agreement.

"Guarantee" has the meaning set forth in the first paragraph to this Agreement.

"Holder" and "Holders" each has the meaning set forth in the first paragraph to this Agreement.

"Initial Placement" has the meaning set forth in the first paragraph to this Agreement.

"Managing Underwriters" means the investment banker or investment bankers and manager or managers that shall administer an underwritten offering, if any, as set forth in Section 6 hereof.

"Person" means an individual, partnership, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

"Prospectus" means the prospectus included in any Shelf Registration Statement filed pursuant to Rule 415 under the Act, with respect to the terms of the offering of all or any portion of the Securities covered by such Shelf Registration Statement, as amended or supplemented by all amendments (including post-effective amendments) and supplements to the Prospectus.

"Purchase Agreement" has the meaning set forth in the first paragraph to this Agreement.

"Purchasers" has the meaning set forth in the first paragraph to this Agreement.

"Registration Default" has the meaning given to such term in Section 7(a) hereof.

"Securities" means the TIDES, the Convertible Junior Subordinated Debentures, the Class B Common Stock and the Guarantee, individually and collectively.

"Shelf Registration" means a registration effected pursuant to Section 2 hereof.

"Shelf Registration Period" has the meaning set forth in Section 2(b) hereof.

"Shelf Registration Statement" means a "shelf" registration statement of the Trust and the Company pursuant to the provisions of Section 2 hereof filed with the Commission which covers some or all of the Securities, as applicable, on an appropriate form under Rule 415 under the Act, or any similar rule that may be adopted by the Commission, amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Special Distributions" has the meaning given such term in Section 7(a) hereof.

"Special Interest" has the meaning given such term in Section 7(a) hereof.

"TIDES" has the meaning set forth in the first paragraph to this Agreement.

"Trust" has the meaning set forth in the first paragraph to this Agreement.

"Trustee" means the Guarantee Trustee, the Indenture Trustee or the Property Trustee, as applicable.

"Underwriter" means any underwriter of Securities in connection with an offering thereof under a Shelf Registration Statement.

2. Shelf Registration. (a) The Trust and the Company shall (i) file as soon as practicable, but in no event more than 90 days after the First Closing Date, a Shelf Registration Statement covering resales of the TIDES, the Guarantee, the Convertible Junior Subordinated Debentures and the related Company Class B Common Stock issuable upon conversion thereof and (ii) use their best efforts to cause the Shelf Registration Statement to be declared effective under the Securities Act within 180 days after the First Closing Date, provided, however, that no Holder shall be entitled to be named as a selling securityholder in the Shelf Registration Statement or to use the Prospectus forming a part thereof for resales of Securities unless such holder is an Electing Holder.

(b) The Trust and the Company shall each use their best efforts (i) to keep the Shelf Registration Statement continuously effective, subject to Section 7(b) hereof, in order to permit the Prospectus forming part thereof to be usable by Holders until resale of the Securities are permitted pursuant to Rule 144(k) under the Securities Act or any successor rule or regulation thereto after the date the Shelf Registration Statement is declared effective or such shorter period that will terminate upon the earliest of the following: (A) two years from the date of the effectiveness of the Shelf Registration Statement, (B) when all the TIDES covered by the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement, (C) when all Convertible Junior Subordinated Debentures issued to Holders in respect of TIDES that had not been sold pursuant to the Shelf Registration Statement have been sold pursuant to the

Shelf Registration Statement or (D) when all shares of Class B Common Stock issued upon conversion of any such TIDES or any such Convertible Junior Subordinated Debentures that had not been sold pursuant to the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement (in any such case, such period being called the "Shelf Registration Period") and (ii) after the effectiveness of the Shelf Registration Statement, promptly upon the request of any Holder that is not then an Electing Holder to take any action reasonably necessary to register the sale of any Securities of such Holder and to identify such Holder as a selling securityholder, provided, however, that nothing in this subparagraph shall relieve such Holder of the obligation to provide the Trust and the Company with the information required pursuant to Section 2(c) hereof.

(c) (i) No Holder shall be entitled to be named as a selling securityholder in the Shelf Registration Statement as of the date on which the Commission declares the Shelf Registration Statement effective or on which the Shelf Registration Statement otherwise becomes effective, and no Holder shall be entitled to use the Prospectus forming a part thereof for resales of Securities at any time, unless such holder has provided the Company and the Trust with such information as they shall reasonably request in order to enable the Company and the Trust to comply with the applicable requirements of the Securities Act in connection with offers and sales by such Holder as a selling securityholder in the Shelf Registration Statement within 30 calendar days from the date on which any such request is first mailed to such Holder. Each Holder as to which any Shelf Registration is being effected agrees to furnish promptly to the Company all information required to be disclosed in order to make the information previously furnished to the Company by such Holder not materially misleading.

(ii) After the date on which the Commission declares the Shelf Registration Statement effective or on which the Shelf Registration Statement otherwise becomes effective, the Company and the Trust may, upon the request of any Holder of Securities that is not then an Electing Holder, take such action as is necessary to name such Holder as a selling security holder in the Shelf Registration Statement or to enable such Holder to use the Prospectus forming a part thereof for resales of Securities if such Holder promptly provides the Company and the Trust with such information as they shall reasonably request in order to enable the Company and the Trust to comply with the applicable requirements of the Securities Act in connection with offers and sales by such Holder so as to permit such Holder to be so named. Each Holder as to which any Shelf Registration is being effected agrees to furnish promptly to the Company all information required to be disclosed in order to make the information previously furnished to the Company by such Holder not materially misleading.

(iii) The term "Electing Holder" shall mean any holder of Securities that has complied with the requests of the Company and the Trust in accordance with Section 2(c)(i) or 2(c)(ii) hereof.

3. Registration Procedures. In connection with any Shelf Registration Statement, the following provisions shall apply:

(a) The Trust and the Company shall furnish to each Purchaser, prior to the filing thereof with the Commission, a copy of any Shelf Registration Statement, and each amendment thereof and each amendment or supplement, if any, to the Prospectus included therein and shall each use its best efforts to reflect in each such document, when so filed with the Commission, such comments as such Purchaser reasonably may propose.

(b) The Trust and the Company shall take such action as may be necessary, subject to Section 7(b) hereof, so that (i) any Shelf Registration Statement and any amendment thereto and any Prospectus forming part thereof and any amendment or supplement thereto (and each report or other document incorporated therein by reference in each case) complies in all material respects with the Securities Act and the Exchange Act and the respective rules and regulations thereunder, (ii) any Shelf Registration Statement and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (iii) any Prospectus forming part of any Shelf Registration Statement, and any amendment or supplement to such Prospectus, does not, during the Shelf Registration Period, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading.

(c) (1) The Company shall advise each Purchaser and each Electing Holder and, if requested by such Purchaser or any such Electing Holder in writing, confirm such advice in writing:

(i) when a Shelf Registration Statement and any amendment thereto has been filed with the Commission and when the Shelf Registration Statement or any post-effective amendment thereto has become effective; and

(ii) of any request by the Commission for amendments or supplements to the Shelf Registration Statement or the Prospectus included therein or for additional information.

(2) The Trust and the Company shall advise each Purchaser and each Electing Holder and, if requested by such Purchaser or any such Electing Holder in writing, confirm such advice in writing:

(i) of the issuance by the Commission of any stop order suspending the effectiveness of the Shelf Registration Statement or the initiation of any proceedings for that purpose;

(ii) of the receipt by the Trust or the Company of any notification with respect to the suspension of the qualification of the securities included therein for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and

(iii) of the happening, during the Shelf Registration Period, of any event (provided that such notice need not specify the nature of such event) that requires the making of any changes in the Shelf Registration Statement or the Prospectus so that, as of such date, the Shelf Registration Statement and the Prospectus do not contain an untrue statement of a material fact and do not omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of the Prospectus, in light of the circumstances under which they were made) not misleading.

(3) Written notice pursuant to Sections 3(c)(1)(ii) and 3(c)(2)(i)-(iii) shall be accompanied by an instruction to suspend the use of the prospectus until the requisite changes have been made.

(d) The Trust and the Company shall use their reasonable best efforts to prevent the issuance, and if issued to obtain the withdrawal, of any order suspending the effectiveness of any Shelf Registration Statement at the earliest possible time.

(e) The Trust and the Company shall furnish to each Electing Holder of Securities, without charge, at least one copy of such Shelf Registration Statement and any post-effective amendment thereto, including financial statements and schedules, and, if the Electing Holder so requests in writing, all exhibits thereto (including those incorporated by reference).

(f) The Trust and the Company shall, during the Shelf Registration Period, deliver to each Electing Holder, without charge, as many copies of the Prospectus (including each preliminary Prospectus) included in such Shelf Registration Statement and any amendment or supplement thereto as such Electing Holder may reasonably request; and each of the Trust and the Company consents to the use of the Prospectus or any amendment or supplement thereto by each of the Electing Holders in connection with the offering and sale of the Securities covered by the Prospectus or any amendment or supplement thereto during the Shelf Registration Period.

(g) Prior to any offering of Securities pursuant to any Shelf Registration Statement, the Trust and the Company shall register or qualify or cooperate with the Electing Holders and their respective counsel in connection with the registration or qualification of such Securities for offer and sale under the securities or blue sky laws of such jurisdictions as any such Electing Holders reasonably request in writing and do any and all other acts or things necessary or advisable to enable the offer and sale in such jurisdictions of the Securities covered by such Shelf Registration Statement; provided, however, that neither the Trust nor the Company will be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action which would subject it to general service of process or to taxation in any such jurisdiction where it is not then so subject.

(h) Unless the applicable Securities shall be in book-entry only form, the Trust and the Company shall cooperate with the Electing Holders to facilitate the timely preparation and delivery of certificates representing Securities to be sold pursuant to any Shelf Registration Statement free of any restrictive legends and in such permitted denominations and registered in such names as Electing Holders may request in connection the sale of Securities pursuant to such Shelf Registration Statement.

(i) Upon the occurrence of any event contemplated by Section 3(c)(1)(ii) or 3(c)(2)(i) above, the Trust and the Company shall promptly prepare, subject to Section 7(b) hereof, as soon as possible a post-effective amendment to any Shelf Registration Statement or an amendment or supplement to the related Prospectus or file any other required document so that, as thereafter delivered to purchasers of the Securities included therein, the Prospectus will not include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If the Trust or the Company notifies the Electing Holders in accordance with Section 3(c)(3) above to suspend use of the prospectus until the requisite changes to the Prospectus have been made, then the Electing Holders shall suspend the use of the Prospectus until the requisite changes to the Prospectus have been made, and the period of effectiveness of the Shelf Registration Statement provided for in Section 2(b) above shall be extended by the number of days from and including the date of the giving of such notice to and including the date when the Purchaser and the Electing Holders of the Securities shall have received such amended or supplemented prospectus pursuant to this Section 3(i).

(j) Not later than the effective date of any Shelf Registration Statement hereunder, the Trust and the Company shall provide a CUSIP number for the TIDES and, in the event of and at the time of any distribution thereof to Holders, the Convertible Junior Subordinated Debentures, registered under such Shelf Registration Statement, and provide the applicable Trustee with certificates for such Securities, in a form eligible for deposit with The Depository Trust Company.

(k) The Trust and the Company shall comply with all applicable rules and regulations of the Commission and shall make generally available to their securityholders (or otherwise provide in accordance with Section 11(a) of the Securities Act) an earnings statement satisfying the provisions of Section 11(a) of the Securities Act, no later than 45 days after the end of a 12-month period (or 90 days, if such period is a fiscal year) beginning with the first month of the Company's first quarter commencing after the effective date of the Registration Statement, which statement shall cover such 12-month period.

(l) The Trust and the Company shall cause the Indenture, the Declaration and the Guarantee to be qualified under the Trust Indenture Act in a timely manner and containing such changes, if any, as shall be necessary for such qualification. In the event that such qualification would require the appointment of a new trustee under the Indenture, the Company shall appoint a new trustee thereunder pursuant to the applicable provisions of the Indenture.

(m) The Trust and the Company may require each Electing Holder to furnish to the Trust and the Company such information regarding the Electing Holder and the distribution of such Securities as the Trust and the Company may from time to time reasonably require for inclusion in such Shelf Registration Statement, and the Trust and the Company may exclude from such registration the Securities of any Electing Holder that unreasonably fails to furnish such information within a reasonable time after receiving such request.

(n) The Trust and the Company shall, if requested, promptly incorporate in a Prospectus supplement or post-effective amendment to a Shelf Registration Statement, such information as the Managing Underwriters reasonably agree should be included therein and to which the Trust and the Company do not reasonably object and shall make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after they are notified of the matters to be incorporated in such Prospectus supplement or post-effective amendment; provided, however, that the Company shall not be obligated to arrange for more than one underwritten offering during the Shelf Registration Period as set forth in Section 6 hereof.

(o) The Trust and the Company shall enter into such customary agreements (including underwriting agreements in customary form) to take all other appropriate actions in order to expedite or facilitate the registration or the disposition of the Securities, and in connection therewith, if an underwriting agreement is entered into, cause the same to contain indemnification provisions and procedures substantially identical to those set forth in Section 5 (or such other provisions and procedures acceptable to the Managing Underwriters, if any) with respect to all parties to be indemnified pursuant to Section 5.

(p) The Trust and the Company shall (i) make reasonably available for inspection by the Electing Holders, any underwriter participating in any disposition pursuant to such Shelf Registration Statement, and any attorney, accountant or other agent retained by such Electing Holders or any such underwriter all relevant financial and other records, pertinent corporate documents and properties of the Trust and the Company and its subsidiaries as shall be requested in connection with the discharge of their due diligence obligations; (ii) cause the Company's officers, directors and employees and any relevant Trustees to supply at the Company's expense all relevant information reasonably requested by such Electing Holders or any such underwriter, attorney, accountant or agent in connection with any such Shelf Registration Statement, in each case, as shall be reasonably necessary to enable such persons to conduct a reasonable investigation within the meaning of Section 11 of the Securities Act; provided, however, that any information that is designated in writing by the Trust and the Company, in good faith, as confidential at the time of delivery of such information shall be kept confidential by such Electing Holders or any such underwriter, attorney, accountant or agent, unless such disclosure is made in connection with a court proceeding or required by law, or such information becomes available to the public generally or through a third party without an accompanying obligations of confidentiality; and provided, further, that the foregoing inspection and information gathering shall, to the greatest extent possible, be coordinated on behalf of the Electing Holders and the other parties entitled thereto by one counsel designated by and on behalf of such Electing Holders and other parties; (iii) in connection with an underwritten offering conducted pursuant to Section 6 hereof, make such representations and warranties to the Electing Holders participating in such underwritten offering and the underwriters in form, substance and scope as are customarily made by the Company and the Trust to underwriters in primary underwritten offerings including, but not limited to, those set forth in the Purchase Agreement; (iv) in connection with an underwritten offering conducted pursuant to Section 6 hereof, obtain opinions of counsel to the Trust and the Company (some of which may be given by the General Counsel of the Company) and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the Managing Underwriters) addressed to each Electing Holder participating in such offering and the underwriters, if any, covering such matters and with such exceptions as are customarily covered or taken in opinions requested in underwritten offerings and such other matters as may be reasonably requested by such Electing Holders and underwriters (it being agreed that the matters to be covered by such opinion shall include, without limitation, as of the date of the opinion and as of the effective date of the Shelf Registration Statement or most recent post-effective amendment thereto, as the case may be, a statement by such counsel regarding the absence from such Shelf Registration Statement and the prospectus included therein, as then amended or supplemented, including the documents incorporated by reference therein, of an untrue statement of a material fact or the omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading); (v) in connection with an underwritten offering conducted pursuant to Section 6 hereof, obtain "cold comfort" letters and updates thereof from the independent certified public accountants of the Company (and, if necessary, any other independent certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements and financial data are, or are required to be, included in the Shelf Registration Statement), addressed to each Electing Holder participating in such underwritten offering and the underwriters, if any, in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with primary underwritten offerings in accordance with Statement of Auditing Standards No. 72; and (vi) in connection with an underwritten offering conducted pursuant to Section 6 hereof, deliver such documents and certificates as may be reasonably requested by the Managing Underwriters, if any, including those to evidence compliance with Section 3(i) and with any customary conditions contained in the underwriting agreement or other similar agreement entered into by the Trust and the Company. The foregoing actions set forth in clauses (iii), (iv), (v) and (vi) of this Section 3(p) shall be performed at (A) the execution of an underwriting agreement with respect to clauses (ii) and (v) only and (B) each closing under any underwritten offering to the extent required under any related underwriting or similar agreement.

(q) The Trust and the Company will use their best efforts to cause the

Class B Common Stock relating to such Shelf Registration Statement to be listed on each securities exchange, over-the-counter market, or respective counterpart if any, on which any shares of Class B Common Stock are then listed.

(r) The Trust and the Company shall, in the event that any broker-dealer registered under the Exchange Act shall underwrite any Securities or participate as a member of an underwriting syndicate or selling group or "assist in the distribution" (within the meaning of the Rules of Fair Practice (the "Rules") and the By-Laws of the National Association of Securities Dealers, Inc. ("NASD")) thereof, whether as a Holder of such Securities or as an underwriter, a placement or sales agent or a broker or dealer in respect thereof, or otherwise, assist such broker-dealer in complying with the requirements of such Rules and By-Laws, including, without limitation, by (A) if such Rules or By-Laws, including Schedule E thereto, shall so require, engaging a "qualified independent underwriter" (as defined in such Schedule) to participate in the preparation of the Shelf Registration Statement relating to such Securities, to exercise usual standards of due diligence in respect thereto, (B) indemnifying any such qualified independent underwriter to the extent of the indemnification of underwriters provided in Section 5 hereof and (C) providing such information to such broker-dealer as may be required in order for such broker-dealer to comply with the requirements of the Rules of Fair Practice of the NASD.

(s) The Company will use its best efforts to (a) if the Securities have been rated prior to the initial sale of such Securities, confirm such ratings will apply to the Securities covered by the Shelf Registration Statement, or (b) if the Securities were not previously rated, cause the Securities covered by the Shelf Registration Statement to be rated with the appropriate rating agencies, if so requested by Electing Holders of a majority in aggregate principal amount of Securities covered by such Shelf Registration Statement, or by the managing underwriters, if any.

(t) The Trust and the Company shall use their best efforts to take all other steps necessary to effect the registration, offering and sale of the Securities covered by the Shelf Registration Statement contemplated hereby.

4. Registration Expenses. Except as otherwise provided in Section 6, the Company shall bear all fees and expenses incurred in connection with the performance of the obligations of the Company and the Trust under Sections 2 and 3 hereof and shall bear or reimburse the Purchasers for the reasonable fees and disbursements of not more than one counsel designated by the Company and reasonably acceptable to the Holders of a majority in principal amount of Securities in connection with the filing of the Shelf Registration Statement.

5. Indemnification and Contribution. (a) In connection with any Shelf Registration Statement, the Trust and the Company, jointly and severally, agree to indemnify and hold harmless each Electing Holder and each person who controls any such Electing Holder within the meaning of either the Securities Act or the Exchange Act from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred by any Electing Holder or any such controlling person in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in the Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon written information furnished to the Company by or on behalf of any such Electing Holder specifically for inclusion therein and; provided, however, that the foregoing indemnity agreement with respect to the Prospectus shall not inure to the benefit of any Electing Holder from whom the person asserting any such losses, claims, damages or liabilities purchased the Securities, or to the benefit of any person controlling such Electing Holder, if a copy of the Prospectus (as then amended or supplemented if the Company shall have furnished any amendments or supplements thereto) was not sent or given by or on behalf of such Electing Holder to such person, if required by law so to have been delivered, at or prior to the written confirmation of the sale of such Securities, if the Company has previously furnished such quantity of copies thereof to such Electing Holder, and if the Prospectus (as so amended or supplemented) would have cured the defect giving rise to such losses, claims, damages or liabilities. This indemnity agreement will be in addition to any liability which the Company or the Trust may otherwise have. The Trust and the Company, jointly and severally, also agree to indemnify or contribute to losses, claims, damages or liabilities of, as provided in Section 5(d), any underwriters of Securities registered under the Shelf Registration Statement, their officers, directors, employees and agents and each person who controls such underwriters on substantially the same basis as that of the indemnification of the Electing Holders provided in this Section 5(a) and shall, if requested by any Electing Holder, enter into an underwriting agreement reflecting such agreement, as provided in Section 3(o) and Section 6 hereof.

(b) Each Electing Holder agrees, severally and not jointly, to indemnify and hold harmless the Trust and the Company its directors, officers, employees, trustees, agents and each person, if any, who controls the Company, within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, to the same extent as the foregoing indemnity from the Company to such Electing Holder, but only with reference to such information furnished to the Company by or on behalf of any such Electing Holder specifically for inclusion in the Prospectus.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to either paragraph (a) or (b) above, such person (the "indemnified party") shall promptly notify the person against whom such indemnity may be sought (the "indemnifying party") in writing. The indemnifying party, upon request of the indemnified party, shall, and the indemnifying party

may elect to, retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and the indemnifying party shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel, (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them, or (iii) the indemnifying party shall have failed to retain counsel as required by the prior sentence to represent the indemnified party within a reasonable amount of time. It is understood that the indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by you in the case of parties indemnified pursuant to paragraph (a) above and by the Company in the case of parties indemnified pursuant to paragraph (b) above. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested in writing an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 90 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement, unless such fees and expenses are being disputed in good faith. The indemnifying party at any time may, subject to the last sentence of this Section 5(c), settle or compromise any proceeding described in this paragraph at the expense of the indemnifying party. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) If the indemnification provided for in paragraph (a) or paragraph (b) of this Section 5 is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative fault of the indemnifying party or parties on the one hand and of the indemnified party or parties on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Company and the Electing Holders shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Electing Holders and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Electing Holders' respective obligations to contribute pursuant to this Section 5(d) are several in proportion to the respective aggregate principal amount of Securities of such Electing Holder that were registered pursuant to a Shelf Registration Statement.

(e) The Company and the Holders agree that it would not be just or equitable if contribution pursuant to this Section 5 were determined by pro rata allocation (even if the Electing Holders were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (d) above. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in paragraph (d) above shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 5, no Electing Holder shall be required to indemnify or contribute any amount in excess of the amount by which the total price at which Certificates were sold by such Electing Holder exceeds the amount of any damages that such Electing Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The indemnity and contribution provisions contained in this Section 5 shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Electing Holder or any person controlling any Electing Holder or by or on behalf of the Company, its officers or directors or any person controlling the Company, and (iii) acceptance of and payment for any of the Offered Securities. The remedies provided for in this Section 5 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

6. Underwritten Offering. The Holders of Securities covered by the Shelf Registration Statement who desire to do so may sell such Securities in an underwritten offering. In any such underwritten offering, the investment banker or bankers and manager or managers that will administer the offering will be selected by, and the underwriting arrangements with respect thereto will be

approved by, the Holders of a majority of the Securities to be included in such offering; provided, however, that (i) such investment bankers and managers and underwriting arrangements must be reasonably satisfactory to the Company and the Trust and (ii) the Company shall not be obligated to arrange for more than one underwritten offering during the Shelf Registration Period. No Holder may participate in any underwritten offering contemplated hereby unless such Holder (a) agrees to sell such Holder's Securities in accordance with any approved underwriting arrangements, (b) completes and executes all reasonable questionnaires, powers of attorney, indemnities, underwriting agreements, lock-up letters and other documents required under the terms of such approved underwriting arrangements, (c) at least 30% of the then-outstanding Securities are included in such underwritten offering, and (d) if such Holder is not then an Electing Holder, such Holder provides the Company and the Trust with such information as they shall reasonably request in order to enable the Company and the Trust to comply with the applicable requirements of the Securities Act in connection with offers and sales by such Holder as a selling securityholder in the underwritten offering within a reasonable amount of time before such underwritten offering. The Holders participating in any underwritten offering shall be responsible for any expenses customarily borne by selling securityholders, including underwriting discounts and commissions and fees and expenses of counsel to the selling securityholders.

7. Special Interest and Special Distributions Under Certain Circumstances. (a) If (i) within 180 days of the First Closing Date the Shelf Registration Statement has not been declared effective by the Commission, or (ii) in the event that a Shelf Registration Statement is declared effective by the Commission, the Company or the Trust fails to keep such Shelf Registration Statement continuously effective and usable (except as permitted in paragraph (b) of this Section 7) prior to the end of the Shelf Registration Period (each such event referred to in clauses (i) and (ii), a "Registration Default"), then additional interest ("Special Interest") will accrue on the Convertible Junior Subordinated Debentures outstanding at such time (including in respect of amounts accruing during any Deferral Period), and corresponding additional distributions (the "Special Distributions") will accrue on the TIDES outstanding at such time and the Common Securities outstanding at such time, in each case from and including the day following such Registration Default to but excluding the day on which such Registration Default has been cured or has been deemed to have been cured. Subject to the deferral of interest provisions of the Convertible Junior Subordinated Debentures and the deferral of distributions provisions of the TIDES, Special Interest and Special Distributions will be paid in cash quarterly in arrears on February 15, May 15, August 15 and November 15 commencing with the first such date following the applicable Registration Default and will accrue at a rate such that the interest rate or distribution rate, as the case may be, will be increased 0.50% per annum of the principal amount or liquidation amount, as applicable. Following the cure of a Registration Default, Special Interest and Special Distributions will cease to accrue with respect to such Registration Default.

(b) A Registration Default referred to in Section 7(a)(ii) shall be deemed not to have occurred and be continuing in relation to the Shelf Registration Statement or the related Prospectus if such Registration Default has occurred solely as a result of (x) the filing of a post-effective amendment to such Shelf Registration Statement to incorporate annual audited financial information with respect to the Company where such post-effective amendment is not yet effective and needs to be declared effective to permit Holders to use the related Prospectus or (y) the occurrence of other material events or developments with respect to the Trust or the Company that would need to be described in such Registration Statement or the related Prospectus and either (i) the Company shall have determined in good faith that such disclosure is not in the best interests of the Company and its stockholders or (ii) the Trust and the Company are proceeding promptly and in good faith to amend or supplement such Registration Statement and related Prospectus to describe such events; provided, however, that in any case, if such Registration Default occurs for a continuous period in excess of 30 days, Special Interest and Special Distributions shall be payable in accordance with the above paragraph from the day following the last day of such 30-day period until the date on which such Registration Default is cured; and provided, further, that there shall be no more than two such 30-day periods in any 12-month period.

8. Rules 144 and 144A. The Company shall use its best efforts to file the reports required to be filed by it under the Securities Act and the Exchange Act in a timely manner and, if at any time the Company is not required to file such reports, it will, within a reasonable period of time, upon written request of any Holder of Securities, make publicly available other information so long as necessary to permit sales of their securities pursuant to Rules 144 and 144A. The Company covenants that it will take such further action as any Holder of Securities may reasonably request, all to the extent required from time to time to enable such Holder to sell Securities without registration under the Securities Act within the limitation of the exemptions provided by Rules 144 and 144A (including the requirements of Rule 144A(d)(4)). The Company will provide a copy of this Agreement to prospective purchasers of Securities identified to the Company by any Purchaser upon request. Upon the request of any Holder of Securities, the Company shall deliver to such Holder a written statement as to whether it has complied with such requirements. Notwithstanding the foregoing, nothing in this Section 8 shall be deemed to require the Company to register any of its securities pursuant to the Exchange Act.

9. Miscellaneous.

(a) Other Registration Rights. The Company may grant registration rights that would permit any Person that is a third party the right to piggy-back on any Shelf Registration Statement, provided that if the Managing Underwriter, if any, of such offering delivers an opinion to the selling Holders that the total amount of securities which they and the holders of such piggy-back rights intend to include in any Shelf Registration Statement is so large as to materially adversely affect the success of such offering (including the price at which such securities can be sold), then only the amount, number or kind of securities to be offered for the account of holders of such piggy-back

rights will be reduced to the extent necessary to reduce the total amount of securities to be included in such offering to the amount, number or kind recommended by the Managing Underwriter prior to any reduction in the amount of Securities to be included.

(b) No Inconsistent Agreements. The Trust and the Company have not, as of the date hereof, entered into, nor shall they on or after the date hereof, enter into, any agreement with respect to their securities or otherwise that is inconsistent with the rights granted to the Holders herein or otherwise conflicts with the provisions hereof.

(c) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, qualified, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the Trust and the Company have obtained the written consent of the Credit Suisse First Boston Corporation.

(d) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail, telex, telecopier, or air courier guaranteeing overnight delivery:

(i) if to a Holder, at the most current address given by such Holder to the Company in accordance with the provisions of this Section 9(c), which address initially is, with respect to each Holder, the address of such Holder maintained by the Registrar under the Indenture;

(ii) if to the Purchasers, initially at the address set forth in the Purchase Agreement; and

(iii) if to the Trust or the Company, initially at its address set forth in the Purchase Agreement.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; three business days after being deposited in the mail, postage prepaid, if mailed; when receipt is acknowledged by recipient's facsimile machine operator, if sent by facsimile transmission; and on the day delivered, if sent by overnight air courier guaranteeing next day delivery.

The Purchaser or the Trust and the Company by notice to the other may designate additional or different addresses for subsequent notices or communications.

(e) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties and the Holders, including, without the need for an express assignment or any consent by the Trust or the Company thereto, subsequent Holders of Securities. The Trust and the Company hereby agree to extend the benefits of this Agreement to any Holder of Securities and any such Holder may specifically enforce the provisions of this Agreement as if an original party hereto.

(f) Counterparts. This agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(g) Headings. The headings in this agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(h) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES THEREOF REGARDING CONFLICTS OF LAWS.

(i) Severability. In the event that any one of more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired or affected thereby, it being intended that all of the rights and privileges of the parties shall be enforceable to the fullest extent permitted by law.

(j) Third Party Beneficiaries. The Holders shall be third party beneficiaries to the agreements made hereunder between the Company and the Trust, on the one hand, and the Purchasers, on the other hand, and the Holders shall have the right to enforce such agreements directly to the extent they may deem such enforcement necessary or advisable to protect their rights or the rights of Holders hereunder.

(k) Securities Held by the Company. Whenever the consent or approval of Holders of a specified percentage of principal amount of Securities is required hereunder, Securities held by the Company or its Affiliates (other than subsequent Holders of Securities if such subsequent Holders are deemed to be Affiliates solely by reason of their holdings of such Securities) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

[Remainder of this Page Intentionally Left Blank]

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among the Purchasers, the Trust and the Company in accordance with its terms.

Very truly yours,

CONTINENTAL AIRLINES FINANCE TRUST II

By: /s/ Gerald Laderman

solely in his capacity as trustee
and not in his individual capacity

CONTINENTAL AIRLINES, INC.

By: /s/ Gerald Laderman

Name: Gerald Laderman
Title: Senior Vice President
Finance

The foregoing Registration Rights
Agreement is hereby confirmed and
accepted as of the date first above written.

CREDIT SUISSE FIRST BOSTON CORPORATION
UBS WARBURG LLC

By: CREDIT SUISSE FIRST BOSTON CORPORATION
Acting on behalf of itself and as the
representative of the several Purchasers

By: /s/ John Stevenson

John Stevenson
Director

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" in the Registration Statement (Form S-3) and related Prospectus of Continental Airlines, Inc. (the "Company") for the registration of its 5,000,000 6% Convertible Preferred Securities, Term Income Deferrable Equity Securities (TIDES) and to the incorporation by reference therein of our report dated January 16, 2001 (except Note 16, as to which the date is January 22, 2001) with respect to the consolidated financial statements and our report dated January 16, 2001 with respect to the financial statement schedule of the Company included in its Annual Report (Form 10-K) for the year ended December 31, 2000, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Houston, Texas
February 5, 2001

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director and/or officer of Continental Airlines, Inc. (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to (i) do any and all things in the undersigned's name and behalf in the undersigned's capacity as a director and/or officer of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as a director and/or officer that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain shelf Registration Statement on Form S-3 relating to the offering of those certain 6% Convertible Preferred Securities, Term Income Deferrable Equity Securities ("TIDES") of Continental Airlines Finance Trust II, the 6% Convertible Junior Subordinated Debentures due 2030 of the Company related thereto, the Preferred Securities Guarantee of the TIDES by the Company and the Class B Common Stock of the Company issuable thereunder (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as a director and/or officer of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof, and (ii) to execute in the name, place and stead of the undersigned the Company's Annual Report on Form 10-K for the year ended December 31, 2000 (and any amendments thereto), to be filed by the Company under the Securities Exchange Act of 1934, as amended, as fully and effectively in all respects as the undersigned could do if personally present.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney on and as of the date set forth below.

Date: February 6, 2001

/s/ Gregory D. Brenneman

Printed Name: Gregory D. Brenneman

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director and/or officer of Continental Airlines, Inc. (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to (i) do any and all things in the undersigned's name and behalf in the undersigned's capacity as a director and/or officer of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as a director and/or officer that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain shelf Registration Statement on Form S-3 relating to the offering of those certain 6% Convertible Preferred Securities, Term Income Deferrable Equity Securities ("TIDES") of Continental Airlines Finance Trust II, the 6% Convertible Junior Subordinated Debentures due 2030 of the Company related thereto, the Preferred Securities Guarantee of the TIDES by the Company and the Class B Common Stock of the Company issuable thereunder (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as a director and/or officer of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof, and (ii) to execute in the name, place and stead of the undersigned the Company's Annual Report on Form 10-K for the year ended December 31, 2000 (and any amendments thereto), to be filed by the Company under the Securities Exchange Act of 1934, as amended, as fully and effectively in all respects as the undersigned could do if personally present.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney on and as of the date set forth below.

Date: February 6, 2001

/s/ Chris T. Kenny

Printed Name: Chris T. Kenny

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director and/or officer of Continental Airlines, Inc. (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to (i) do any and all things in the undersigned's name and behalf in the undersigned's capacity as a director and/or officer of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as a director and/or officer that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain shelf Registration Statement on Form S-3 relating to the offering of those certain 6% Convertible Preferred Securities, Term Income Deferrable Equity Securities ("TIDES") of Continental Airlines Finance Trust II, the 6% Convertible Junior Subordinated Debentures due 2030 of the Company related thereto, the Preferred Securities Guarantee of the TIDES by the Company and the Class B Common Stock of the Company issuable thereunder (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as a director and/or officer of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof, and (ii) to execute in the name, place and stead of the undersigned the Company's Annual Report on Form 10-K for the year ended December 31, 2000 (and any amendments thereto), to be filed by the Company under the Securities Exchange Act of 1934, as amended, as fully and effectively in all respects as the undersigned could do if personally present.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney on and as of the date set forth below.

Date: February 6, 2001

/s/ Lawrence W. Kellner

Printed Name: Lawrence W. Kellner

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director and/or officer of Continental Airlines, Inc. (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to (i) do any and all things in the undersigned's name and behalf in the undersigned's capacity as a director and/or officer of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as a director and/or officer that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain shelf Registration Statement on Form S-3 relating to the offering of those certain 6% Convertible Preferred Securities, Term Income Deferrable Equity Securities ("TIDES") of Continental Airlines Finance Trust II, the 6% Convertible Junior Subordinated Debentures due 2030 of the Company related thereto, the Preferred Securities Guarantee of the TIDES by the Company and the Class B Common Stock of the Company issuable thereunder (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as a director and/or officer of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof, and (ii) to execute in the name, place and stead of the undersigned the Company's Annual Report on Form 10-K for the year ended December 31, 2000 (and any amendments thereto), to be filed by the Company under the Securities Exchange Act of 1934, as amended, as fully and effectively in all respects as the undersigned could do if personally present.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney on and as of the date set forth below.

Date: February 6, 2001

/s/ Richard W. Pogue

Printed Name: Richard W. Pogue

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director and/or officer of Continental Airlines, Inc. (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to (i) do any and all things in the undersigned's name and behalf in the undersigned's capacity as a director and/or officer of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as a director and/or officer that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain shelf Registration Statement on Form S-3 relating to the offering of those certain 6% Convertible Preferred Securities, Term Income Deferrable Equity Securities ("TIDES") of Continental Airlines Finance Trust II, the 6% Convertible Junior Subordinated Debentures due 2030 of the Company related thereto, the Preferred Securities Guarantee of the TIDES by the Company and the Class B Common Stock of the Company issuable thereunder (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as a director and/or officer of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof, and (ii) to execute in the name, place and stead of the undersigned the Company's Annual Report on Form 10-K for the year ended December 31, 2000 (and any amendments thereto), to be filed by the Company under the Securities Exchange Act of 1934, as amended, as fully and effectively in all respects as the undersigned could do if personally present.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney on and as of the date set forth below.

Date: February 6, 2001

/s/ Douglas H. McCorkindale

Printed Name: Douglas H. McCorkindale

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director and/or officer of Continental Airlines, Inc. (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to (i) do any and all things in the undersigned's name and behalf in the undersigned's capacity as a director and/or officer of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as a director and/or officer that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain shelf Registration Statement on Form S-3 relating to the offering of those certain 6% Convertible Preferred Securities, Term Income Deferrable Equity Securities ("TIDES") of Continental Airlines Finance Trust II, the 6% Convertible Junior Subordinated Debentures due 2030 of the Company related thereto, the Preferred Securities Guarantee of the TIDES by the Company and the Class B Common Stock of the Company issuable thereunder (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as a director and/or officer of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof, and (ii) to execute in the name, place and stead of the undersigned the Company's Annual Report on Form 10-K for the year ended December 31, 2000 (and any amendments thereto), to be filed by the Company under the Securities Exchange Act of 1934, as amended, as fully and effectively in all respects as the undersigned could do if personally present.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney on and as of the date set forth below.

Date: February 6, 2001

/s/ Gordon M. Bethune

Printed Name: Gordon M. Bethune

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director and/or officer of Continental Airlines, Inc. (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to (i) do any and all things in the undersigned's name and behalf in the undersigned's capacity as a director and/or officer of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as a director and/or officer that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain shelf Registration Statement on Form S-3 relating to the offering of those certain 6% Convertible Preferred Securities, Term Income Deferrable Equity Securities ("TIDES") of Continental Airlines Finance Trust II, the 6% Convertible Junior Subordinated Debentures due 2030 of the Company related thereto, the Preferred Securities Guarantee of the TIDES by the Company and the Class B Common Stock of the Company issuable thereunder (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as a director and/or officer of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof, and (ii) to execute in the name, place and stead of the undersigned the Company's Annual Report on Form 10-K for the year ended December 31, 2000 (and any amendments thereto), to be filed by the Company under the Securities Exchange Act of 1934, as amended, as fully and effectively in all respects as the undersigned could do if personally present.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney on and as of the date set forth below.

Date: February 6, 2001

/s/ Thomas J. Barrack, Jr.

Printed Name: Thomas J. Barrack, Jr.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director and/or officer of Continental Airlines, Inc. (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to (i) do any and all things in the undersigned's name and behalf in the undersigned's capacity as a director and/or officer of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as a director and/or officer that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain shelf Registration Statement on Form S-3 relating to the offering of those certain 6% Convertible Preferred Securities, Term Income Deferrable Equity Securities ("TIDES") of Continental Airlines Finance Trust II, the 6% Convertible Junior Subordinated Debentures due 2030 of the Company related thereto, the Preferred Securities Guarantee of the TIDES by the Company and the Class B Common Stock of the Company issuable thereunder (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as a director and/or officer of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof, and (ii) to execute in the name, place and stead of the undersigned the Company's Annual Report on Form 10-K for the year ended December 31, 2000 (and any amendments thereto), to be filed by the Company under the Securities Exchange Act of 1934, as amended, as fully and effectively in all respects as the undersigned could do if personally present.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney on and as of the date set forth below.

Date: February 6, 2001

/s/ David Bonderman

Printed Name: David Bonderman

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director and/or officer of Continental Airlines, Inc. (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to (i) do any and all things in the undersigned's name and behalf in the undersigned's capacity as a director and/or officer of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as a director and/or officer that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain shelf Registration Statement on Form S-3 relating to the offering of those certain 6% Convertible Preferred Securities, Term Income Deferrable Equity Securities ("TIDES") of Continental Airlines Finance Trust II, the 6% Convertible Junior Subordinated Debentures due 2030 of the Company related thereto, the Preferred Securities Guarantee of the TIDES by the Company and the Class B Common Stock of the Company issuable thereunder (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as a director and/or officer of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof, and (ii) to execute in the name, place and stead of the undersigned the Company's Annual Report on Form 10-K for the year ended December 31, 2000 (and any amendments thereto), to be filed by the Company under the Securities Exchange Act of 1934, as amended, as fully and effectively in all respects as the undersigned could do if personally present.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney on and as of the date set forth below.

Date: February 6, 2001

/s/ Kirbyjon H. Caldwell

Printed Name: Kirbyjon H. Caldwell

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director and/or officer of Continental Airlines, Inc. (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to (i) do any and all things in the undersigned's name and behalf in the undersigned's capacity as a director and/or officer of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as a director and/or officer that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain shelf Registration Statement on Form S-3 relating to the offering of those certain 6% Convertible Preferred Securities, Term Income Deferrable Equity Securities ("TIDES") of Continental Airlines Finance Trust II, the 6% Convertible Junior Subordinated Debentures due 2030 of the Company related thereto, the Preferred Securities Guarantee of the TIDES by the Company and the Class B Common Stock of the Company issuable thereunder (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as a director and/or officer of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof, and (ii) to execute in the name, place and stead of the undersigned the Company's Annual Report on Form 10-K for the year ended December 31, 2000 (and any amendments thereto), to be filed by the Company under the Securities Exchange Act of 1934, as amended, as fully and effectively in all respects as the undersigned could do if personally present.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney on and as of the date set forth below.

Date: February 6, 2001

/s/ Patrick Foley

Printed Name: Patrick Foley

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director and/or officer of Continental Airlines, Inc. (the "Company"), does hereby constitute and appoint Lawrence W. Kellner, Jeffery A. Smisek and Scott R. Peterson, or any of them, as the undersigned's true and lawful attorneys in-fact and agents to (i) do any and all things in the undersigned's name and behalf in the undersigned's capacity as a director and/or officer of the Company, and to execute any and all instruments for the undersigned and in the undersigned's name and capacity as a director and/or officer that such person or persons may deem necessary or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in connection with that certain shelf Registration Statement on Form S-3 relating to the offering of those certain 6% Convertible Preferred Securities, Term Income Deferrable Equity Securities ("TIDES") of Continental Airlines Finance Trust II, the 6% Convertible Junior Subordinated Debentures due 2030 of the Company related thereto, the Preferred Securities Guarantee of the TIDES by the Company and the Class B Common Stock of the Company issuable thereunder (the "Registration Statement"), including specifically, but not limited to, power and authority to sign for the undersigned in the capacity as a director and/or officer of the Company the Registration Statement, and any and all amendments thereto, including post-effective amendments, and the undersigned does hereby ratify and confirm all that such person or persons shall do or cause to be done by virtue hereof, and (ii) to execute in the name, place and stead of the undersigned the Company's Annual Report on Form 10-K for the year ended December 31, 2000 (and any amendments thereto), to be filed by the Company under the Securities Exchange Act of 1934, as amended, as fully and effectively in all respects as the undersigned could do if personally present.

IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney on and as of the date set forth below.

Date: February 6, 2001

/s/ George G. C. Parker

Printed Name: George G. C. Parker

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney on and as of the date set forth below.

Date: February 6, 2001

/s/ William S. Price III

Printed Name: William S. Price III

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney on and as of the date set forth below.

Date: February 6, 2001

/s/ Donald L. Sturm

Printed Name: Donald L. Sturm

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney on and as of the date set forth below.

Date: February 6, 2001

/s/ Karen Hastie Williams

Printed Name: Karen Hastie Williams

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney on and as of the date set forth below.

Date: February 6, 2001

/s/ Charles A. Yamarone

Printed Name: Charles A. Yamarone

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has signed this Power of Attorney on and as of the date set forth below.

Date: February 6, 2001

/s/ Gerald Laderman

Printed Name: Gerald Laderman

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEECHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2)WILMINGTON TRUST COMPANY
(Exact name of trustee as specified in its charter)Delaware
(State of incorporation)51-0055023
(I.R.S. employer
identification no.)Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890
(Address of principal executive offices)Cynthia L. Corliss
Vice President and Trust Counsel
Wilmington Trust Company
Rodney Square North
Wilmington, Delaware 19890
(302) 651-8516
(Name, address and telephone number of agent for service)CONTINENTAL AIRLINES, INC.
(Exact name of obligor as specified in its charter)Delaware
(State of incorporation)74-2099724
(I.R.S. employer
identification no.)1600 Smith Street
Houston, Texas
(Address of principal executive offices)770602
(Zip Code)6% Convertible Junior Subordinated Debentures of Continental Airlines Inc.
(Title of the indenture securities)

ITEM 1. GENERAL INFORMATION.

Furnish the following information as to the trustee:

- (a) Name and address of each examining or supervising authority to
-
- which it is subject.

Federal Deposit Insurance Co. State Bank Commissioner
Five Penn Center Dover, Delaware
Suite #2901
Philadelphia, PA

- (b) Whether it is authorized to exercise corporate trust powers.

The trustee is authorized to exercise corporate trust
powers.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR.

If the obligor is an affiliate of the trustee, describe each
affiliation:Based upon an examination of the books and records of the
trustee and upon information furnished by the obligor, the obligor
is not an affiliate of the trustee.

ITEM 3. LIST OF EXHIBITS.

List below all exhibits filed as part of this Statement of
Eligibility and Qualification.

- A. Copy of the Charter of Wilmington Trust Company, which
-
- includes the certificate of authority of Wilmington Trust
-
- Company to commence business and the authorization of
-
- Wilmington Trust Company to exercise corporate trust powers.
-
- B. Copy of By-Laws of Wilmington Trust Company.
-
- C. Consent of Wilmington Trust Company required by Section 321(b)

- of Trust Indenture Act.
D. Copy of most recent Report of Condition of Wilmington Trust Company.

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, Wilmington Trust Company, a corporation organized and existing under the laws of Delaware, has duly caused this Statement of Eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Wilmington and State of Delaware on the 7th day of February, 2001.

[SEAL]

WILMINGTON TRUST COMPANY

Attest: /s/ Monica M. Henry

By: /s/ Bruce L. Bisson

Name: Monica M. Henry

Name: Bruce L. Bisson

Title: Assistant Secretary

Title: Vice President

EXHIBIT A

AMENDED CHARTER

Wilmington Trust Company

Wilmington, Delaware

As existing on May 9, 1987

Amended Charter

or

Act of Incorporation

of

Wilmington Trust Company

Wilmington Trust Company, originally incorporated by an Act of the General Assembly of the State of Delaware, entitled "An Act to Incorporate the Delaware Guarantee and Trust Company", approved March 2, A.D. 1901, and the name of which company was changed to "Wilmington Trust Company" by an amendment filed in the Office of the Secretary of State on March 18, A.D. 1903, and the Charter or Act of Incorporation of which company has been from time to time amended and changed by merger agreements pursuant to the corporation law for state banks and trust companies of the State of Delaware, does hereby alter and amend its Charter or Act of Incorporation so that the same as so altered and amended shall in its entirety read as follows:

First: - The name of this corporation is Wilmington Trust Company.

Second: - The location of its principal office in the State of Delaware is at Rodney Square North, in the City of Wilmington, County of New Castle; the name of its resident agent is Wilmington Trust Company whose address is Rodney Square North, in said City. In addition to such principal office, the said corporation maintains and operates branch offices in the City of Newark, New Castle County, Delaware, the Town of Newport, New Castle County, Delaware, at Claymont, New Castle County, Delaware, at Greenville, New Castle County Delaware, and at Milford Cross Roads, New Castle County, Delaware, and shall be empowered to open, maintain and operate branch offices at Ninth and Shipley Streets, 418 Delaware Avenue, 2120 Market Street, and 3605 Market Street, all in the City of Wilmington, New Castle County, Delaware, and such other branch offices or places of business as may be authorized from time to time by the agency or agencies of the government of the State of Delaware empowered to confer such authority.

Third: - (a) The nature of the business and the objects and purposes proposed to be transacted, promoted or carried on by this Corporation are to do any or all of the things herein mentioned as fully and to the same extent as natural persons might or could do and in any part of the world, viz.:

(1) To sue and be sued, complain and defend in any Court of law or equity and to make and use a common seal, and alter the seal at pleasure, to hold, purchase, convey, mortgage or otherwise deal in real and personal estate and property, and to appoint such officers and agents as the business of the Corporation shall require, to make by-laws not inconsistent with the Constitution or laws of the United States or of this State, to discount bills, notes or other evidences of debt, to receive deposits of money, or securities for money, to buy gold and silver bullion and foreign coins, to buy and sell bills of exchange, and generally to use, exercise and enjoy all the powers, rights, privileges and franchises incident to a corporation which are proper or necessary for the transaction of the business of the Corporation hereby created.

(2) To insure titles to real and personal property, or any estate or interests therein, and to guarantee the holder of such property, real or personal, against any claim or claims, adverse to his interest therein, and to prepare and give certificates of title for any lands or premises in the State of Delaware, or elsewhere.

(3) To act as factor, agent, broker or attorney in the receipt, collection, custody, investment and management of funds, and the purchase, sale, management and disposal of property of all descriptions, and to prepare and execute all papers which may be necessary or proper in such business.

(4) To prepare and draw agreements, contracts, deeds, leases, conveyances, mortgages, bonds and legal papers of every description, and to carry on the business of conveyancing in all its branches.

(5) To receive upon deposit for safekeeping money, jewelry, plate, deeds, bonds and any and all other personal property of every sort and kind, from executors, administrators, guardians, public officers, courts, receivers, assignees, trustees, and from all fiduciaries, and from all other persons

and individuals, and from all corporations whether state, municipal, corporate or private, and to rent boxes, safes, vaults and other receptacles for such property.

(6) To act as agent or otherwise for the purpose of registering, issuing, certificating, countersigning, transferring or underwriting the stock, bonds or other obligations of any corporation, association, state or municipality, and may receive and manage any sinking fund therefor on such terms as may be agreed upon between the two parties, and in like manner may act as Treasurer of any corporation or municipality.

(7) To act as Trustee under any deed of trust, mortgage, bond or other instrument issued by any state, municipality, body politic, corporation, association or person, either alone or in conjunction with any other person or persons, corporation or corporations.

(8) To guarantee the validity, performance or effect of any contract or agreement, and the fidelity of persons holding places of responsibility or trust; to become surety for any person, or persons, for the faithful performance of any trust, office, duty, contract or agreement, either by itself or in conjunction with any other person, or persons, corporation, or corporations, or in like manner become surety upon any bond, recognizance, obligation, judgment, suit, order, or decree to be entered in any court of record within the State of Delaware or elsewhere, or which may now or hereafter be required by any law, judge, officer or court in the State of Delaware or elsewhere.

(9) To act by any and every method of appointment as trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian, bailee, or in any other trust capacity in the receiving, holding, managing, and disposing of any and all estates and property, real, personal or mixed, and to be appointed as such trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian or bailee by any persons, corporations, court, officer, or authority, in the State of Delaware or elsewhere; and whenever this Corporation is so appointed by any person, corporation, court, officer or authority such trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian, bailee, or in any other trust capacity, it shall not be required to give bond with surety, but its capital stock shall be taken and held as security for the performance of the duties devolving upon it by such appointment.

(10) And for its care, management and trouble, and the exercise of any of its powers hereby given, or for the performance of any of the duties which it may undertake or be called upon to perform, or for the assumption of any responsibility the said Corporation may be entitled to receive a proper compensation.

(11) To purchase, receive, hold and own bonds, mortgages, debentures, shares of capital stock, and other securities, obligations, contracts and evidences of indebtedness, of any private, public or municipal corporation within and without the State of Delaware, or of the Government of the United States, or of any state, territory, colony, or possession thereof, or of any foreign government or country; to receive, collect, receipt for, and dispose of interest, dividends and income upon and from any of the bonds, mortgages, debentures, notes, shares of capital stock, securities, obligations, contracts, evidences of indebtedness and other property held and owned by it, and to exercise in respect of all such bonds, mortgages, debentures, notes, shares of capital stock, securities, obligations, contracts, evidences of indebtedness and other property, any and all the rights, powers and privileges of individual owners thereof, including the right to vote thereon; to invest and deal in and with any of the moneys of the Corporation upon such securities and in such manner as it may think fit and proper, and from time to time to vary or realize such investments; to issue bonds and secure the same by pledges or deeds of trust or mortgages of or upon the whole or any part of the property held or owned by the Corporation, and to sell and pledge such bonds, as and when the Board of Directors shall determine, and in the promotion of its said corporate business of investment and to the extent authorized by law, to lease, purchase, hold, sell, assign, transfer, pledge, mortgage and convey real and personal property of any name and nature and any estate or interest therein.

(b) In furtherance of, and not in limitation, of the powers conferred by the laws of the State of Delaware, it is hereby expressly provided that the said Corporation shall also have the following powers:

(1) To do any or all of the things herein set forth, to the same extent as natural persons might or could do, and in any part of the world.

(2) To acquire the good will, rights, property and franchises and to undertake the whole or any part of the assets and liabilities of any person, firm, association or corporation,

and to pay for the same in cash, stock of this Corporation, bonds or otherwise; to hold or in any manner to dispose of the whole or any part of the property so purchased; to conduct in any lawful manner the whole or any part of any business so acquired, and to exercise all the powers necessary or convenient in and about the conduct and management of such business.

(3) To take, hold, own, deal in, mortgage or otherwise lien, and to lease, sell, exchange, transfer, or in any manner whatever dispose of property, real, personal or mixed, wherever situated.

(4) To enter into, make, perform and carry out contracts of every kind with any person, firm, association or corporation, and, without limit as to amount, to draw, make, accept, endorse, discount, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures, and other negotiable or transferable instruments.

(5) To have one or more offices, to carry on all or any of its operations and businesses, without restriction to the same extent as natural persons might or could do, to purchase or otherwise acquire, to hold, own, to mortgage, sell, convey or otherwise dispose of, real and personal property, of every class and description, in any State, District, Territory or Colony of the United States, and in any foreign country or place.

(6) It is the intention that the objects, purposes and powers specified and clauses contained in this paragraph shall (except where otherwise expressed in said paragraph) be nowise limited or restricted by reference to or inference from the terms of any other clause of this or any other paragraph in this charter, but that the objects, purposes and powers specified in each of the clauses of this paragraph shall be regarded as independent objects, purposes and powers.

Fourth: - (a) The total number of shares of all classes of stock which the Corporation shall have authority to issue is forty-one million (41,000,000) shares, consisting of:

(1) One million (1,000,000) shares of Preferred stock, par value \$10.00 per share (hereinafter referred to as "Preferred Stock"); and

(2) Forty million (40,000,000) shares of Common Stock, par value \$1.00 per share (hereinafter referred to as "Common Stock").

(b) Shares of Preferred Stock may be issued from time to time in one or more series as may from time to time be determined by the Board of Directors each of said series to be distinctly designated. All shares of any one series of Preferred Stock shall be alike in every particular, except that there may be different dates from which dividends, if any, thereon shall be cumulative, if made cumulative. The voting powers and the preferences and relative, participating, optional and other special rights of each such series, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding; and, subject to the provisions of subparagraph 1 of Paragraph (c) of this Article Fourth, the Board of Directors of the Corporation is hereby expressly granted authority to fix by resolution or resolutions adopted prior to the issuance of any shares of a particular series of Preferred Stock, the voting powers and the designations, preferences and relative, optional and other special rights, and the qualifications, limitations and restrictions of such series, including, but without limiting the generality of the foregoing, the following:

(1) The distinctive designation of, and the number of shares of Preferred Stock which shall constitute such series, which number may be increased (except where otherwise provided by the Board of Directors) or decreased (but not below the number of shares thereof then outstanding) from time to time by like action of the Board of Directors;

(2) The rate and times at which, and the terms and conditions on which, dividends, if any, on Preferred Stock of such series shall be paid, the extent of the preference or relation, if any, of such dividends to the dividends payable on any other class or classes, or series of the same or other class of stock and whether such dividends shall be cumulative or non-cumulative;

(3) The right, if any, of the holders of Preferred Stock of such series to convert the same into or exchange the same for, shares of any other class or classes or of any series of the same or any other class or classes of stock of the Corporation and the terms and conditions of such conversion or exchange;

(4) Whether or not Preferred Stock of such series shall be subject to redemption, and the redemption price or prices and the time or times at which, and the terms and conditions on which, Preferred Stock of such series may be redeemed.

(5) The rights, if any, of the holders of Preferred Stock of such series upon the voluntary or involuntary liquidation, merger, consolidation, distribution or sale of assets,

dissolution or winding-up, of the Corporation.

(6) The terms of the sinking fund or redemption or purchase account, if any, to be provided for the Preferred Stock of such series; and

(7) The voting powers, if any, of the holders of such series of Preferred Stock which may, without limiting the generality of the foregoing include the right, voting as a series or by itself or together with other series of Preferred Stock or all series of Preferred Stock as a class, to elect one or more directors of the Corporation if there shall have been a default in the payment of dividends on any one or more series of Preferred Stock or under such circumstances and on such conditions as the Board of Directors may determine.

(c) (1) After the requirements with respect to preferential dividends on the Preferred Stock (fixed in accordance with the provisions of section (b) of this Article Fourth), if any, shall have been met and after the Corporation shall have complied with all the requirements, if any, with respect to the setting aside of sums as sinking funds or redemption or purchase accounts (fixed in accordance with the provisions of section (b) of this Article Fourth), and subject further to any conditions which may be fixed in accordance with the provisions of section (b) of this Article Fourth, then and not otherwise the holders of Common Stock shall be entitled to receive such dividends as may be declared from time to time by the Board of Directors.

(2) After distribution in full of the preferential amount, if any, (fixed in accordance with the provisions of section (b) of this Article Fourth), to be distributed to the holders of Preferred Stock in the event of voluntary or involuntary liquidation, distribution or sale of assets, dissolution or winding-up, of the Corporation, the holders of the Common Stock shall be entitled to receive all of the remaining assets of the Corporation, tangible and intangible, of whatever kind available for distribution to stockholders ratably in proportion to the number of shares of Common Stock held by them respectively.

(3) Except as may otherwise be required by law or by the provisions of such resolution or resolutions as may be adopted by the Board of Directors pursuant to section (b) of this Article Fourth, each holder of Common Stock shall have one vote in respect of each share of Common Stock held on all matters voted upon by the stockholders.

(d) No holder of any of the shares of any class or series of stock or of options, warrants or other rights to purchase shares of any class or series of stock or of other securities of the Corporation shall have any preemptive right to purchase or subscribe for any unissued stock of any class or series or any additional shares of any class or series to be issued by reason of any increase of the authorized capital stock of the Corporation of any class or series, or bonds, certificates of indebtedness, debentures or other securities convertible into or exchangeable for stock of the Corporation of any class or series, or carrying any right to purchase stock of any class or series, but any such unissued stock, additional authorized issue of shares of any class or series of stock or securities convertible into or exchangeable for stock, or carrying any right to purchase stock, may be issued and disposed of pursuant to resolution of the Board of Directors to such persons, firms, corporations or associations, whether such holders or others, and upon such terms as may be deemed advisable by the Board of Directors in the exercise of its sole discretion.

(e) The relative powers, preferences and rights of each series of Preferred Stock in relation to the relative powers, preferences and rights of each other series of Preferred Stock shall, in each case, be as fixed from time to time by the Board of Directors in the resolution or resolutions adopted pursuant to authority granted in section (b) of this Article Fourth and the consent, by class or series vote or otherwise, of the holders of such of the series of Preferred Stock as are from time to time outstanding shall not be required for the issuance by the Board of Directors of any other series of Preferred Stock whether or not the powers, preferences and rights of such other series shall be fixed by the Board of Directors as senior to, or on a parity with, the powers, preferences and rights of such outstanding series, or any of them; provided, however, that the Board of Directors may provide in the resolution or resolutions as to any series of Preferred Stock adopted pursuant to section (b) of this Article Fourth that the consent of the holders of a majority (or such greater proportion as shall be therein fixed) of the outstanding shares of such series voting thereon shall be required for the issuance of any or all other series of Preferred Stock.

(f) Subject to the provisions of section (e), shares of any series of Preferred Stock may be issued from time to time as the Board of Directors of the Corporation shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors.

(g) Shares of Common Stock may be issued from time to time as the Board of Directors of the Corporation shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors.

(h) The authorized amount of shares of Common Stock and of Preferred Stock may, without a class or series vote, be increased or decreased from time to time by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon.

Fifth: - (a) The business and affairs of the Corporation shall be conducted and managed by a Board of Directors. The number of directors constituting the entire Board shall be not less than five nor more than twenty-five as fixed from time to time by vote of a majority of the whole Board, provided, however, that the number of directors shall not be reduced so as to shorten the term of any director at the time in office, and provided further, that the number of directors constituting the whole Board shall be twenty-four until otherwise fixed by a majority of the whole Board.

(b) The Board of Directors shall be divided into three classes, as nearly equal in number as the then total number of directors constituting the whole Board permits, with the term of office of one class expiring each year. At the annual meeting of stockholders in 1982, directors of the first class shall be elected to hold office for a term expiring at the next succeeding annual meeting, directors of the second class shall be elected to hold office for a term expiring at the second succeeding annual meeting and directors of the third class shall be elected to hold office for a term expiring at the third succeeding annual meeting. Any vacancies in the Board of Directors for any reason, and any newly created directorships resulting from any increase in the directors, may be filled by the Board of Directors, acting by a majority of the directors then in office, although less than a quorum, and any directors so chosen shall hold office until the next annual election of directors. At such election, the stockholders shall elect a successor to such director to hold office until the next election of the class for which such director shall have been chosen and until his successor shall be elected and qualified. No decrease in the number of directors shall shorten the term of any incumbent director.

(c) Notwithstanding any other provisions of this Charter or Act of Incorporation or the By-Laws of the Corporation (and notwithstanding the fact that some lesser percentage may be specified by law, this Charter or Act of Incorporation or the By-Laws of the Corporation), any director or the entire Board of Directors of the Corporation may be removed at any time without cause, but only by the affirmative vote of the holders of two-thirds or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) cast at a meeting of the stockholders called for that purpose.

(d) Nominations for the election of directors may be made by the Board of Directors or by any stockholder entitled to vote for the election of directors. Such nominations shall be made by notice in writing, delivered or mailed by first class United States mail, postage prepaid, to the Secretary of the Corporation not less than 14 days nor more than 50 days prior to any meeting of the stockholders called for the election of directors; provided, however, that if less than 21 days' notice of the meeting is given to stockholders, such written notice shall be delivered or mailed, as prescribed, to the Secretary of the Corporation not later than the close of the seventh day following the day on which notice of the meeting was mailed to stockholders. Notice of nominations which are proposed by the Board of Directors shall be given by the Chairman on behalf of the Board.

(e) Each notice under subsection (d) shall set forth (i) the name, age, business address and, if known, residence address of each nominee proposed in such notice, (ii) the principal occupation or employment of such nominee and (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee.

(f) The Chairman of the meeting may, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

(g) No action required to be taken or which may be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, and the power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

Sixth: - The Directors shall choose such officers, agents and servants as may be provided in the By-Laws as they may from time to time find necessary or proper.

Seventh: - The Corporation hereby created is hereby given the same powers, rights and privileges as may be conferred upon corporations organized under the Act entitled "An Act Providing a General Corporation Law", approved March 10, 1899, as from time to time amended.

Eighth: - This Act shall be deemed and taken to be a private Act.

Ninth: - This Corporation is to have perpetual existence.

Tenth: - The Board of Directors, by resolution passed by a majority of the whole Board, may designate any of their number to constitute an Executive Committee, which Committee, to the extent provided in said resolution, or in the By-Laws of the Company, shall have and may exercise all of the powers of the Board of Directors in the management of the business and affairs of the Corporation, and shall have power to authorize the seal of the Corporation to be affixed to all papers which may require it.

Eleventh: - The private property of the stockholders shall not be liable for the payment of corporate debts to any extent whatever.

Twelfth: - The Corporation may transact business in any part of the world.

Thirteenth: - The Board of Directors of the Corporation is expressly authorized to make, alter or repeal the By-Laws of the Corporation by a vote of the majority of the entire Board. The stockholders may make, alter or repeal any By-Law whether or not adopted by them, provided however, that any such additional By-Laws, alterations or repeal may be adopted only by the affirmative vote of the holders of two-thirds or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class).

Fourteenth: - Meetings of the Directors may be held outside of the State of Delaware at such places as may be from time to time designated by the Board, and the Directors may keep the books of the Company outside of the State of Delaware at such places as may be from time to time designated by them.

Fifteenth: - (a) (1) In addition to any affirmative vote required by law, and except as otherwise expressly provided in sections (b) and (c) of this Article Fifteenth:

(A) any merger or consolidation of the Corporation or any Subsidiary (as hereinafter defined) with or into (i) any Interested Stockholder (as hereinafter defined) or (ii) any other corporation (whether or not itself an Interested Stockholder), which, after such merger or consolidation, would be an Affiliate (as hereinafter defined) of an Interested Stockholder, or

(B) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of related transactions) to or with any Interested Stockholder or any Affiliate of any Interested Stockholder of any assets of the Corporation or any Subsidiary having an aggregate fair market value of \$1,000,000 or more, or

(C) the issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of related transactions) of any securities of the Corporation or any Subsidiary to any Interested Stockholder or any Affiliate of any Interested Stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate fair market value of \$1,000,000 or more, or

(D) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation, or

(E) any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries or any similar transaction (whether or not with or into or otherwise involving an Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary which is directly or indirectly owned by any Interested Stockholder, or any Affiliate of any Interested Stockholder,

shall require the affirmative vote of the holders of at least two-thirds of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, considered for the purpose of this Article Fifteenth as one class ("Voting Shares"). Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that some lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

(2) The term "business combination" as used in this Article Fifteenth shall mean any transaction which is referred to in any one or more of clauses (A) through (E) of paragraph 1 of the section (a).

(b) The provisions of section (a) of this Article Fifteenth shall not be applicable to any particular business combination and such business combination shall require only such affirmative vote as is required by law and any other provisions of the Charter or Act of Incorporation or By-Laws if such business combination has been approved by a majority of the whole Board.

(c) For the purposes of this Article Fifteenth:

(1) A "person" shall mean any individual, firm, corporation or other entity.

(2) "Interested Stockholder" shall mean, in respect of any business combination, any person (other than the Corporation or any Subsidiary) who or which as of the record date for the determination of stockholders entitled to notice of and to vote on such business combination, or immediately prior to the consummation of any such transaction:

(A) is the beneficial owner, directly or indirectly, of more than 10% of the Voting Shares, or

(B) is an Affiliate of the Corporation and at any time within two years prior thereto was the beneficial owner, directly or indirectly, of not less than 10% of the then outstanding voting Shares, or

(C) is an assignee of or has otherwise succeeded in any share of capital stock of the Corporation which were at any time within two years prior thereto beneficially owned by any Interested Stockholder, and such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

(3) A person shall be the "beneficial owner" of any Voting Shares:

(A) which such person or any of its Affiliates and Associates (as hereafter defined) beneficially own, directly or indirectly, or

(B) which such person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (ii) the right to vote pursuant to any agreement, arrangement or understanding, or

(C) which are beneficially owned, directly or indirectly, by any other person with which such first mentioned person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of capital stock of the Corporation.

(4) The outstanding Voting Shares shall include shares deemed owned through application of paragraph (3) above but shall not include any other Voting Shares which may be issuable pursuant to any agreement, or upon exercise of conversion rights, warrants or options or otherwise.

(5) "Affiliate" and "Associate" shall have the respective meanings given those terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on December 31, 1981.

(6) "Subsidiary" shall mean any corporation of which a majority of any class of equity security (as defined in Rule 3a11-1 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on December 31, 1981) is owned, directly or indirectly, by the Corporation; provided, however, that for the purposes of the definition of Investment Stockholder set forth in paragraph (2) of this section (c), the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

(d) majority of the directors shall have the power and duty to determine for the purposes of this Article Fifteenth on the basis of information known to them, (1) the number of Voting Shares beneficially owned by any person (2) whether a person is an Affiliate or Associate of another, (3) whether a person has an agreement, arrangement or understanding with another as to the matters referred to in paragraph (3) of section (c), or (4) whether the assets subject to any business combination or the consideration received for the issuance or transfer of securities by the Corporation, or any Subsidiary has an aggregate fair market value of \$1,000,000 or more.

(e) Nothing contained in this Article Fifteenth shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

Sixteenth: Notwithstanding any other provision of this Charter or Act of Incorporation or the By-Laws of the Corporation (and in addition to any other vote that may be required by law, this Charter or Act of Incorporation by the By-Laws), the affirmative vote of the holders of at least two-thirds of the outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) shall be required to amend, alter or repeal any provision of Articles Fifth, Thirteenth, Fifteenth or Sixteenth of this Charter or Act of Incorporation.

Seventeenth: (a) a Director of this Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director, except to the extent such exemption from liability or limitation thereof is not permitted under the Delaware General Corporation Laws as the same exists or may hereafter be amended.

(b) Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a Director of the Corporation existing hereunder with respect to any act or omission occurring prior to the time of such repeal or modification."

EXHIBIT B

BY-LAWS

WILMINGTON TRUST COMPANY

WILMINGTON, DELAWARE

As existing on February 20, 2000

BY-LAWS OF WILMINGTON TRUST COMPANY

ARTICLE I
Stockholders' Meetings

Section 1. The Annual Meeting of Stockholders shall be held on the third Thursday in April each year at the principal office at the Company or at such other date, time, or place as may be designated by resolution by the Board of Directors.

Section 2. Special meetings of all stockholders may be called at any time by the Board of Directors, the Chairman of the Board or the President.

Section 3. Notice of all meetings of the stockholders shall be given by mailing to each stockholder at least ten (10) days before said meeting, at his last known address, a written or printed notice fixing the time and place of such meeting.

Section 4. A majority in the amount of the capital stock of the Company issued and outstanding on the record date, as herein determined, shall constitute a quorum at all meetings of stockholders for the transaction of any business, but the holders of a small number of shares may adjourn, from time to time, without further notice, until a quorum is secured. At each annual or special meeting of stockholders, each stockholder shall be entitled to one vote, either in person or by proxy, for each share of stock registered in the stockholder's name on the books of the Company on the record date for any such meeting as determined herein.

ARTICLE II
Directors

Section 1. The authorized number of directors that shall constitute the Board of Directors shall be fixed from time to time by or pursuant to a resolution passed by a majority of the Board within the parameters set by the Charter of the Bank. No more than two directors may also be employees of the Company or any affiliate thereof.

Section 2. Except as provided in these Bylaws or as otherwise required by law, there shall be no qualifications for election or service as directors of the Company. In addition to any other provisions of these Bylaws, to be qualified for nomination for Election or appointment to the Board of Directors each person must have not attained the age of sixty-nine years at the time of such election or appointment, provided however, the Nominating and Corporate Governance Committee may waive such qualification as to a particular candidate otherwise qualified to serve as a director upon a good faith determination by such committee that such a waiver is in the best interests of the Company and its stockholders. The Chairman of the Board of Directors shall not be qualified to continue to serve as a director upon the termination of his or her services in that office for any reason.

Section 3. The class of Directors so elected shall hold office for three years or until their successors are elected and qualified.

Section 4. The affairs and business of the Company shall be managed and conducted by the Board of Directors.

Section 5. The Board of Directors shall meet at the principal office of the Company or elsewhere in its discretion at such times to be determined by a majority of its members, or at the call of the Chairman of the Board of Directors or the President.

Section 6. Special meetings of the Board of Directors may be called at any time by the Chairman of the Board of Directors or by the President, and shall be called upon the written request of a majority of the directors.

Section 7. A majority of the directors elected and qualified shall be necessary to constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 8. Written notice shall be sent by mail to each director of any special meeting of the Board of Directors, and of any change in the time or place of any regular meeting, stating the time and place of such meeting, which shall be mailed not less than two days before the time of holding such meeting.

Section 9. In the event of the death, resignation, removal, inability to act, or disqualification of any director, the Board of Directors, although less than a quorum, shall have the right to elect the successor who shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred, and until such director's successor shall have been duly elected and qualified.

Section 10. The Board of Directors at its first meeting after its election by the stockholders shall appoint an Executive Committee, a Trust Committee, an Audit Committee and a Compensation Committee, and shall elect from its own members a Chairman of the Board of Directors and a President who may be the same person. The Board of Directors shall also elect at such meeting a Secretary and a Treasurer, who may be the same person, may appoint at any time such other committees and elect or appoint such other officers as it may deem advisable. The Board of Directors may also elect at such meeting one or more Associate Directors.

Section 11. The Board of Directors may at any time remove, with or without cause, any member of any Committee appointed by it or any associate director or officer elected by it and may appoint or elect his successor.

Section 12. The Board of Directors may designate an officer to be in charge of such of the departments or divisions of the Company as it may deem advisable.

ARTICLE III Committees

Section 1. Executive Committee

(A) The Executive Committee shall be composed of not more than nine members who shall be selected by the Board of Directors from its own members and who shall hold office during the pleasure of the Board.

(B) The Executive Committee shall have all the powers of the Board of Directors when it is not in session to transact all business for and in behalf of the Company that may be brought before it.

(C) The Executive Committee shall meet at the principal office of the Company or elsewhere in its discretion at such times to be determined by a majority of its members, or at the call of the Chairman of the Executive Committee or at the call of the Chairman of the Board of Directors. The majority of its members shall be necessary to constitute a quorum for the transaction of business. Special meetings of the Executive Committee may be held at any time when a quorum is present.

(D) Minutes of each meeting of the Executive Committee shall be kept and submitted to the Board of Directors at its next meeting.

(E) The Executive Committee shall advise and superintend all investments that may be made of the funds of the Company, and shall direct the disposal of the same, in accordance with such rules and regulations as the Board of Directors from time to time make.

(F) In the event of a state of disaster of sufficient severity to prevent the conduct and management of the affairs and business of the Company by its directors and officers as contemplated by these By-Laws any two available members of the Executive Committee as constituted immediately prior to such disaster shall constitute a quorum of that Committee for the full conduct and management of the affairs and business of the Company in accordance with the provisions of Article III of these By-Laws; and if less than three members of the Trust Committee is constituted immediately prior to such disaster shall be available for the transaction of its business, such Executive Committee shall also be empowered to exercise all of the powers reserved to the Trust Committee under Article III Section 2 hereof. In the event of the unavailability, at such time, of a minimum of two members of such Executive Committee, any three available directors shall constitute the Executive Committee for the full conduct and management of the affairs and business of the Company in accordance with the foregoing provisions of this Section. This By-Law shall be subject to implementation by Resolutions of the Board of Directors presently existing or hereafter passed from time to time for that purpose, and any provisions of these By-Laws (other than this Section) and any resolutions which are contrary to the provisions of this Section or to the provisions of any such implementary Resolutions shall be suspended during such a disaster period until it shall be determined by any interim Executive Committee acting under this section that it shall be to the advantage of the Company to resume the conduct and management of its affairs and business under all of the other provisions of these By-Laws.

Section 2. Audit Committee

(A) The Audit Committee shall be composed of five members who shall be selected by the Board of Directors from its own members, none of whom shall be an officer of the Company, and shall hold office at the pleasure of the Board.

(B) The Audit Committee shall have general supervision over the Audit Division in all matters however subject to the approval of the Board of Directors; it shall consider all matters brought to its attention by the officer in charge of the Audit Division, review all reports of examination of the Company made by any governmental agency or such independent auditor employed for that purpose, and make such recommendations to the Board of Directors with respect thereto or with respect to any other matters pertaining to auditing the Company as it shall deem desirable.

(C) The Audit Committee shall meet whenever and wherever the majority of its members shall deem it to be proper for the transaction of its business, and a majority of its Committee shall constitute a quorum.

Section 3. Compensation Committee

(A) The Compensation Committee shall be composed of not more than five (5) members who shall be selected by the Board of Directors from its own members who are not officers of the Company and who shall hold office during

the pleasure of the Board.

(B) The Compensation Committee shall in general advise upon all matters of policy concerning the Company brought to its attention by the management and from time to time review the management of the Company, major organizational matters, including salaries and employee benefits and specifically shall administer the Executive Incentive Compensation Plan.

(C) Meetings of the Compensation Committee may be called at any time by the Chairman of the Compensation Committee, the Chairman of the Board of Directors, or the President of the Company.

Section 4. Associate Directors

(A) Any person who has served as a director may be elected by the Board of Directors as an associate director, to serve during the pleasure of the Board.

(B) An associate director shall be entitled to attend all directors meetings and participate in the discussion of all matters brought to the Board, with the exception that he would have no right to vote. An associate director will be eligible for appointment to Committees of the Company, with the exception of the Executive Committee, Audit Committee and Compensation Committee, which must be comprised solely of active directors.

Section 5. Absence or Disqualification of Any Member of a Committee

(A) In the absence or disqualification of any member of any Committee created under Article III of the By-Laws of this Company, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

ARTICLE IV Officers

Section 1. The Chairman of the Board of Directors shall preside at all meetings of the Board and shall have such further authority and powers and shall perform such duties as the Board of Directors may from time to time confer and direct. He shall also exercise such powers and perform such duties as may from time to time be agreed upon between himself and the President of the Company.

Section 2. The Vice Chairman of the Board. The Vice Chairman of the Board of Directors shall preside at all meetings of the Board of Directors at which the Chairman of the Board shall not be present and shall have such further authority and powers and shall perform such duties as the Board of Directors or the Chairman of the Board may from time to time confer and direct.

Section 3. The President shall have the powers and duties pertaining to the office of the President conferred or imposed upon him by statute or assigned to him by the Board of Directors. In the absence of the Chairman of the Board the President shall have the powers and duties of the Chairman of the Board.

Section 4. The Chairman of the Board of Directors or the President as designated by the Board of Directors, shall carry into effect all legal directions of the Executive Committee and of the Board of Directors, and shall at all times exercise general supervision over the interest, affairs and operations of the Company and perform all duties incident to his office.

Section 5. There may be one or more Vice Presidents, however denominated by the Board of Directors, who may at any time perform all the duties of the Chairman of the Board of Directors and/or the President and such other powers and duties as may from time to time be assigned to them by the Board of Directors, the Executive Committee, the Chairman of the Board or the President and by the officer in charge of the department or division to which they are assigned.

Section 6. The Secretary shall attend to the giving of notice of meetings of the stockholders and the Board of Directors, as well as the Committees thereof, to the keeping of accurate minutes of all such meetings and to recording the same in the minute books of the Company. In addition to the other notice requirements of these By-Laws and as may be practicable under the circumstances, all such notices shall be in writing and mailed well in advance of the scheduled date of any other meeting. He shall have custody of the corporate seal and shall affix the same to any documents requiring such corporate seal and to attest the same.

Section 7. The Treasurer shall have general supervision over all assets and liabilities of the Company. He shall be custodian of and responsible for all monies, funds and valuables of the Company and for the keeping of proper records of the evidence of property or indebtedness and of all the transactions of the Company. He shall have general supervision of the expenditures of the Company and shall report to the Board of Directors at each regular meeting of the condition of the Company, and perform such other duties as may be assigned to him from time to time by the Board of Directors of the Executive Committee.

Section 8. There may be a Controller who shall exercise general supervision over the internal operations of the Company, including accounting, and shall render to the Board of Directors at appropriate times a report relating to the general condition and internal operations of the Company.

There may be one or more subordinate accounting or controller officers however denominated, who may perform the duties of the Controller and such duties as may be prescribed by the Controller.

Section 9. The officer designated by the Board of Directors to be in

charge of the Audit Division of the Company with such title as the Board of Directors shall prescribe, shall report to and be directly responsible only to the Board of Directors.

There shall be an Auditor and there may be one or more Audit Officers, however denominated, who may perform all the duties of the Auditor and such duties as may be prescribed by the officer in charge of the Audit Division.

Section 10. There may be one or more officers, subordinate in rank to all Vice Presidents with such functional titles as shall be determined from time to time by the Board of Directors, who shall ex officio hold the office Assistant Secretary of this Company and who may perform such duties as may be prescribed by the officer in charge of the department or division to whom they are assigned.

Section 11. The powers and duties of all other officers of the Company shall be those usually pertaining to their respective offices, subject to the direction of the Board of Directors, the Executive Committee, Chairman of the Board of Directors or the President and the officer in charge of the department or division to which they are assigned.

ARTICLE V Stock and Stock Certificates

Section 1. Shares of stock shall be transferable on the books of the Company and a transfer book shall be kept in which all transfers of stock shall be recorded.

Section 2. Certificates of stock shall bear the signature of the President or any Vice President, however denominated by the Board of Directors and countersigned by the Secretary or Treasurer or an Assistant Secretary, and the seal of the corporation shall be engraved thereon. Each certificate shall recite that the stock represented thereby is transferable only upon the books of the Company by the holder thereof or his attorney, upon surrender of the certificate properly endorsed. Any certificate of stock surrendered to the Company shall be cancelled at the time of transfer, and before a new certificate or certificates shall be issued in lieu thereof. Duplicate certificates of stock shall be issued only upon giving such security as may be satisfactory to the Board of Directors or the Executive Committee.

Section 3. The Board of Directors of the Company is authorized to fix in advance a record date for the determination of the stockholders entitled to notice of, and to vote at, any meeting of stockholders and any adjournment thereof, or entitled to receive payment of any dividend, or to any allotment or rights, or to exercise any rights in respect of any change, conversion or exchange of capital stock, or in connection with obtaining the consent of stockholders for any purpose, which record date shall not be more than 60 nor less than 10 days proceeding the date of any meeting of stockholders or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent.

ARTICLE VI Seal

Section 1. The corporate seal of the Company shall be in the following form:

Between two concentric circles the words
"Wilmington Trust Company" within the inner
circle the words "Wilmington, Delaware."

ARTICLE VII Fiscal Year

Section 1. The fiscal year of the Company shall be the calendar year.

ARTICLE VIII Execution of Instruments of the Company

Section 1. The Chairman of the Board, the President or any Vice President, however denominated by the Board of Directors, shall have full power and authority to enter into, make, sign, execute, acknowledge and/or deliver and the Secretary or any Assistant Secretary shall have full power and authority to attest and affix the corporate seal of the Company to any and all deeds, conveyances, assignments, releases, contracts, agreements, bonds, notes, mortgages and all other instruments incident to the business of this Company or in acting as executor, administrator, guardian, trustee, agent or in any other fiduciary or representative capacity by any and every method of appointment or by whatever person, corporation, court officer or authority in the State of Delaware, or elsewhere, without any specific authority, ratification, approval or confirmation by the Board of Directors or the Executive Committee, and any and all such instruments shall have the same force and validity as though expressly authorized by the Board of Directors and/or the Executive Committee.

ARTICLE IX Compensation of Directors and Members of Committees

Section 1. Directors and associate directors of the Company, other than salaried officers of the Company, shall be paid such reasonable honoraria or fees for attending meetings of the Board of Directors as the Board of Directors may from time to time determine. Directors and associate directors who serve as members of committees, other than salaried employees of the Company, shall be

paid such reasonable honoraria or fees for services as members of committees as the Board of Directors shall from time to time determine and directors and associate directors may be employed by the Company for such special services as the Board of Directors may from time to time determine and shall be paid for such special services so performed reasonable compensation as may be determined by the Board of Directors.

ARTICLE X Indemnification

Section 1. (A) The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding") by reason of the fact that he, or a person for whom he is the legal representative, is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee, fiduciary or agent of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses reasonably incurred by such person. The Corporation shall indemnify a person in connection with a proceeding initiated by such person only if the proceeding was authorized by the Board of Directors of the Corporation.

(B) The Corporation shall pay the expenses incurred in defending any proceeding in advance of its final disposition, provided, however, that the payment of expenses incurred by a Director or officer in his capacity as a Director or officer in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Director or officer to repay all amounts advanced if it should be ultimately determined that the Director or officer is not entitled to be indemnified under this Article or otherwise.

(C) If a claim for indemnification or payment of expenses, under this Article X is not paid in full within ninety days after a written claim therefor has been received by the Corporation the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

(D) The rights conferred on any person by this Article X shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Charter or Act of Incorporation, these By-Laws, agreement, vote of stockholders or disinterested Directors or otherwise.

(E) Any repeal or modification of the foregoing provisions of this Article X shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

ARTICLE XI Amendments to the By-Laws

Section 1. These By-Laws may be altered, amended or repealed, in whole or in part, and any new By-Law or By-Laws adopted at any regular or special meeting of the Board of Directors by a vote of the majority of all the members of the Board of Directors then in office.

EXHIBIT C

Section 321(b) Consent

Pursuant to Section 321(b) of the Trust Indenture Act of 1939, as amended, Wilmington Trust Company hereby consents that reports of examinations by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon requests therefor.

WILMINGTON TRUST COMPANY

Dated: February 7, 2001

By: /s/ Bruce L. Bisson

Name: Bruce L. Bisson

Title: Vice President

LIABILITIES

Deposits:

In domestic offices.....	5,331,872
Noninterest-bearing	1,111,039
Interest-bearing.	4,220,833
Federal funds purchased and Securities sold under agreements to repurchase.....	397,628
Demand notes issued to the U.S. Treasury.....	70,227
Trading liabilities (from Schedule RC-D).....	0
Other borrowed money:.....	////////
With original maturity of one year or less.....	675,000
With original maturity of more than one year.....	43,000
Bank's liability on acceptances executed and outstanding.....	0
Subordinated notes and debentures.....	0
Other liabilities (from Schedule RC-G).....	66,073
Total liabilities.....	6,583,800

EQUITY CAPITAL

Perpetual preferred stock and related surplus.....	0
Common Stock.....	500
Surplus (exclude all surplus related to preferred stock).....	62,118
Undivided profits and capital reserves.....	410,136
Net unrealized holding gains (losses) on available-for-sale securities.....	(21,836)
Total equity capital.....	450,918
Total liabilities, limited-life preferred stock, and equity capital....	7,034,718

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEECHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2)WILMINGTON TRUST COMPANY
(Exact name of trustee as specified in its charter)Delaware
(State of incorporation)51-0055023
(I.R.S. employer
identification no.)Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890
(Address of principal executive offices)Cynthia L. Corliss
Vice President and Trust Counsel
Wilmington Trust Company
Rodney Square North
Wilmington, Delaware 19890
(302) 651-8516
(Name, address and telephone number of agent for service)CONTINENTAL AIRLINES, INC.
CONTINENTAL AIRLINES FINANCE TRUST II
(Exact name of obligor as specified in its charter)Delaware
Delaware
(State of incorporation)74-2099724
Applied For
(I.R.S. employer
identification no.)1600 Smith Street
Houston, Texas
(Address of principal executive offices)77002
(Zip Code)6% Convertible Preferred Securities, Term Income Deferrable Equity Securities
(TIDES)SM of Continental Airlines Finance Trust II
(Title of the indenture securities)

ITEM 1. GENERAL INFORMATION.

Furnish the following information as to the trustee:

- (a) Name and address of each examining or supervising authority to
-
- which it is subject.

Federal Deposit Insurance Co. State Bank Commissioner
Five Penn Center Dover, Delaware
Suite #2901
Philadelphia, PA

- (b) Whether it is authorized to exercise corporate trust powers.

The trustee is authorized to exercise corporate trust powers.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR.

If the obligor is an affiliate of the trustee, describe each
affiliation:Based upon an examination of the books and records of the
trustee and upon information furnished by the obligor, the obligor
is not an affiliate of the trustee.

ITEM 3. LIST OF EXHIBITS.

List below all exhibits filed as part of this Statement of
Eligibility and Qualification.

- A. Copy of the Charter of Wilmington Trust Company, which
-
- includes the certificate of authority of Wilmington Trust
-
- Company to commence business and the authorization of
-
- Wilmington Trust Company to exercise corporate trust powers.
-
- B. Copy of By-Laws of Wilmington Trust Company.
-
- C. Consent of Wilmington Trust Company required by Section 321(b)
-
- of Trust Indenture Act.

D. Copy of most recent Report of Condition of Wilmington Trust Company.

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, Wilmington Trust Company, a corporation organized and existing under the laws of Delaware, has duly caused this Statement of Eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Wilmington and State of Delaware on the 7th day of February, 2001.

[SEAL]

WILMINGTON TRUST COMPANY

Attest: /s/ Monica M. Henry

By: /s/ Bruce L. Bisson

Name: Monica M. Henry

Name: Bruce L. Bisson

Title: Assistant Secretary

Title: Vice President

EXHIBIT A

AMENDED CHARTER

Wilmington Trust Company

Wilmington, Delaware

As existing on May 9, 1987

Amended Charter
or
Act of Incorporation
of
Wilmington Trust Company

Wilmington Trust Company, originally incorporated by an Act of the General Assembly of the State of Delaware, entitled "An Act to Incorporate the Delaware Guarantee and Trust Company", approved March 2, A.D. 1901, and the name of which company was changed to "Wilmington Trust Company" by an amendment filed in the Office of the Secretary of State on March 18, A.D. 1903, and the Charter or Act of Incorporation of which company has been from time to time amended and changed by merger agreements pursuant to the corporation law for state banks and trust companies of the State of Delaware, does hereby alter and amend its Charter or Act of Incorporation so that the same as so altered and amended shall in its entirety read as follows:

First: - The name of this corporation is Wilmington Trust Company.

Second: - The location of its principal office in the State of Delaware is at Rodney Square North, in the City of Wilmington, County of New Castle; the name of its resident agent is Wilmington Trust Company whose address is Rodney Square North, in said City. In addition to such principal office, the said corporation maintains and operates branch offices in the City of Newark, New Castle County, Delaware, the Town of Newport, New Castle County, Delaware, at Claymont, New Castle County, Delaware, at Greenville, New Castle County Delaware, and at Milford Cross Roads, New Castle County, Delaware, and shall be empowered to open, maintain and operate branch offices at Ninth and Shipley Streets, 418 Delaware Avenue, 2120 Market Street, and 3605 Market Street, all in the City of Wilmington, New Castle County, Delaware, and such other branch offices or places of business as may be authorized from time to time by the agency or agencies of the government of the State of Delaware empowered to confer such authority.

Third: - (a) The nature of the business and the objects and purposes proposed to be transacted, promoted or carried on by this Corporation are to do any or all of the things herein mentioned as fully and to the same extent as natural persons might or could do and in any part of the world, viz.:

(1) To sue and be sued, complain and defend in any Court of law or equity and to make and use a common seal, and alter the seal at pleasure, to hold, purchase, convey, mortgage or otherwise deal in real and personal estate and property, and to appoint such officers and agents as the business of the Corporation shall require, to make by-laws not inconsistent with the Constitution or laws of the United States or of this State, to discount bills, notes or other evidences of debt, to receive deposits of money, or securities for money, to buy gold and silver bullion and foreign coins, to buy and sell bills of exchange, and generally to use, exercise and enjoy all the powers, rights, privileges and franchises incident to a corporation which are proper or necessary for the transaction of the business of the Corporation hereby created.

(2) To insure titles to real and personal property, or any estate or interests therein, and to guarantee the holder of such property, real or personal, against any claim or claims, adverse to his interest therein, and to prepare and give certificates of title for any lands or premises in the State of Delaware, or elsewhere.

(3) To act as factor, agent, broker or attorney in the receipt, collection, custody, investment and management of funds, and the purchase, sale, management and disposal of property of all descriptions, and to prepare and execute all papers which may be necessary or proper in such business.

(4) To prepare and draw agreements, contracts, deeds, leases, conveyances, mortgages, bonds and legal papers of every description, and to carry on the business of conveyancing in all its branches.

(5) To receive upon deposit for safekeeping money, jewelry, plate, deeds, bonds and any and all other personal property of every sort and kind, from executors, administrators, guardians, public officers, courts, receivers, assignees, trustees, and from all fiduciaries, and from all other persons and individuals, and from all corporations whether state, municipal, corporate or private, and to rent boxes, safes, vaults and other receptacles for such property.

(6) To act as agent or otherwise for the purpose of registering, issuing, certificating, countersigning, transferring or underwriting the stock, bonds or other obligations of any corporation, association, state or municipality, and may receive and manage any sinking fund therefor on such terms as may be agreed upon between the two parties, and in like manner may act as Treasurer of any corporation or municipality.

(7) To act as Trustee under any deed of trust, mortgage, bond or other instrument issued by any state, municipality, body politic, corporation, association or person, either alone or in conjunction with any other person or persons, corporation or corporations.

(8) To guarantee the validity, performance or effect of any contract or agreement, and the fidelity of persons holding places of responsibility or trust; to become surety for any person, or persons, for the faithful performance of any trust, office, duty, contract or agreement, either by itself or in conjunction with any other person, or persons, corporation, or corporations, or in like manner become surety upon any bond, recognizance, obligation, judgment, suit, order, or decree to be entered in any court of record within the State of Delaware or elsewhere, or which may now or hereafter be required by any law, judge, officer or court in the State of Delaware or elsewhere.

(9) To act by any and every method of appointment as trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian, bailee, or in any other trust capacity in the receiving, holding, managing, and disposing of any and all estates and property, real, personal or mixed, and to be appointed as such trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian or bailee by any persons, corporations, court, officer, or authority, in the State of Delaware or elsewhere; and whenever this Corporation is so appointed by any person, corporation, court, officer or authority such trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian, bailee, or in any other trust capacity, it shall not be required to give bond with surety, but its capital stock shall be taken and held as security for the performance of the duties devolving upon it by such appointment.

(10) And for its care, management and trouble, and the exercise of any of its powers hereby given, or for the performance of any of the duties which it may undertake or be called upon to perform, or for the assumption of any responsibility the said Corporation may be entitled to receive a proper compensation.

(11) To purchase, receive, hold and own bonds, mortgages, debentures, shares of capital stock, and other securities, obligations, contracts and evidences of indebtedness, of any private, public or municipal corporation within and without the State of Delaware, or of the Government of the United States, or of any state, territory, colony, or possession thereof, or of any foreign government or country; to receive, collect, receipt for, and dispose of interest, dividends and income upon and from any of the bonds, mortgages, debentures, notes, shares of capital stock, securities, obligations, contracts, evidences of indebtedness and other property held and owned by it, and to exercise in respect of all such bonds, mortgages, debentures, notes, shares of capital stock, securities, obligations, contracts, evidences of indebtedness and other property, any and all the rights, powers and privileges of individual owners thereof, including the right to vote thereon; to invest and deal in and with any of the moneys of the Corporation upon such securities and in such manner as it may think fit and proper, and from time to time to vary or realize such investments; to issue bonds and secure the same by pledges or deeds of trust or mortgages of or upon the whole or any part of the property held or owned by the Corporation, and to sell and pledge such bonds, as and when the Board of Directors shall determine, and in the promotion of its said corporate business of investment and to the extent authorized by law, to lease, purchase, hold, sell, assign, transfer, pledge, mortgage and convey real and personal property of any name and nature and any estate or interest therein.

(b) In furtherance of, and not in limitation, of the powers conferred by the laws of the State of Delaware, it is hereby expressly provided that the said Corporation shall also have the following powers:

(1) To do any or all of the things herein set forth, to the same extent as natural persons might or could do, and in any part of the world.

(2) To acquire the good will, rights, property and franchises and to undertake the whole or any part of the assets and liabilities of any person, firm, association or corporation, and to pay for the same in cash, stock of this Corporation, bonds or otherwise; to hold or in any manner to dispose of the whole or any part of the property so purchased; to conduct in any lawful manner the whole or any part of any business so acquired, and to exercise all the powers necessary or convenient in and about the conduct and management of such business.

(3) To take, hold, own, deal in, mortgage or otherwise lien, and to lease, sell, exchange, transfer, or in any manner whatever dispose of property, real, personal or mixed, wherever situated.

(4) To enter into, make, perform and carry out contracts of every kind with any person, firm, association or corporation, and, without limit as to amount, to draw, make, accept, endorse, discount, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures, and other negotiable or transferable instruments.

(5) To have one or more offices, to carry on all or any of its operations and businesses, without restriction to the same extent as natural persons might or could do, to purchase or otherwise acquire, to hold, own, to mortgage, sell, convey or otherwise dispose of, real and personal property, of every class and description, in any State, District, Territory or Colony of the United States, and in any foreign country or place.

(6) It is the intention that the objects, purposes and powers specified and clauses contained in this paragraph shall (except where otherwise expressed in said paragraph) be nowise limited or restricted by reference to or inference from the terms of any other clause of this or any other paragraph in this charter, but that the objects, purposes and powers specified in each of the clauses of this paragraph shall be regarded as independent objects, purposes and powers.

Fourth: - (a) The total number of shares of all classes of stock which the Corporation shall have authority to issue is forty-one million (41,000,000) shares, consisting of:

(1) One million (1,000,000) shares of Preferred stock, par value \$10.00 per share (hereinafter referred to as "Preferred Stock"); and

(2) Forty million (40,000,000) shares of Common Stock, par value \$1.00 per share (hereinafter referred to as "Common Stock").

(b) Shares of Preferred Stock may be issued from time to time in one or more series as may from time to time be determined by the Board of Directors each of said series to be distinctly designated. All shares of any one series of Preferred Stock shall be alike in every particular, except that there may be different dates from which dividends, if any, thereon shall be cumulative, if made cumulative. The voting powers and the preferences and relative, participating, optional and other special rights of each such series, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding; and, subject to the provisions of subparagraph 1 of Paragraph (c) of this Article Fourth, the Board of Directors of the Corporation is hereby expressly granted authority to fix by resolution or resolutions adopted prior to the issuance of any shares of a particular series of Preferred Stock, the voting powers and the designations, preferences and relative, optional and other special rights, and the qualifications, limitations and restrictions of such series, including, but without limiting the generality of the foregoing, the following:

(1) The distinctive designation of, and the number of shares of Preferred Stock which shall constitute such series, which number may be increased (except where otherwise provided by the Board of Directors) or decreased (but not below the number of shares thereof then outstanding) from time to time by like action of the Board of Directors;

(2) The rate and times at which, and the terms and conditions on which, dividends, if any, on Preferred Stock of such series shall be paid, the extent of the preference or relation, if any, of such dividends to the dividends payable on any other class or classes, or series of the same or other class of stock and whether such dividends shall be cumulative or non-cumulative;

(3) The right, if any, of the holders of Preferred Stock of such series to convert the same into or exchange the same for, shares of any other class or classes or of any series of the same or any other class or classes of stock of the Corporation and the terms and conditions of such conversion or exchange;

(4) Whether or not Preferred Stock of such series shall be subject to redemption, and the redemption price or prices and the time or times at which, and the terms and conditions on which, Preferred Stock of such series may be redeemed.

(5) The rights, if any, of the holders of Preferred Stock of such series upon the voluntary or involuntary liquidation, merger, consolidation, distribution or sale of assets, dissolution or winding-up, of the Corporation.

(6) The terms of the sinking fund or redemption or purchase account, if any, to be provided for the Preferred Stock of such series; and

(7) The voting powers, if any, of the holders of such series of Preferred Stock which may, without limiting the generality of the foregoing include the right, voting as a series or by itself or together with other series of Preferred Stock or all series of Preferred Stock as a class, to elect one or more directors of the Corporation if there shall have been a

default in the payment of dividends on any one or more series of Preferred Stock or under such circumstances and on such conditions as the Board of Directors may determine.

(c) (1) After the requirements with respect to preferential dividends on the Preferred Stock (fixed in accordance with the provisions of section (b) of this Article Fourth), if any, shall have been met and after the Corporation shall have complied with all the requirements, if any, with respect to the setting aside of sums as sinking funds or redemption or purchase accounts (fixed in accordance with the provisions of section (b) of this Article Fourth), and subject further to any conditions which may be fixed in accordance with the provisions of section (b) of this Article Fourth, then and not otherwise the holders of Common Stock shall be entitled to receive such dividends as may be declared from time to time by the Board of Directors.

(2) After distribution in full of the preferential amount, if any, (fixed in accordance with the provisions of section (b) of this Article Fourth), to be distributed to the holders of Preferred Stock in the event of voluntary or involuntary liquidation, distribution or sale of assets, dissolution or winding-up, of the Corporation, the holders of the Common Stock shall be entitled to receive all of the remaining assets of the Corporation, tangible and intangible, of whatever kind available for distribution to stockholders ratably in proportion to the number of shares of Common Stock held by them respectively.

(3) Except as may otherwise be required by law or by the provisions of such resolution or resolutions as may be adopted by the Board of Directors pursuant to section (b) of this Article Fourth, each holder of Common Stock shall have one vote in respect of each share of Common Stock held on all matters voted upon by the stockholders.

(d) No holder of any of the shares of any class or series of stock or of options, warrants or other rights to purchase shares of any class or series of stock or of other securities of the Corporation shall have any preemptive right to purchase or subscribe for any unissued stock of any class or series or any additional shares of any class or series to be issued by reason of any increase of the authorized capital stock of the Corporation of any class or series, or bonds, certificates of indebtedness, debentures or other securities convertible into or exchangeable for stock of the Corporation of any class or series, or carrying any right to purchase stock of any class or series, but any such unissued stock, additional authorized issue of shares of any class or series of stock or securities convertible into or exchangeable for stock, or carrying any right to purchase stock, may be issued and disposed of pursuant to resolution of the Board of Directors to such persons, firms, corporations or associations, whether such holders or others, and upon such terms as may be deemed advisable by the Board of Directors in the exercise of its sole discretion.

(e) The relative powers, preferences and rights of each series of Preferred Stock in relation to the relative powers, preferences and rights of each other series of Preferred Stock shall, in each case, be as fixed from time to time by the Board of Directors in the resolution or resolutions adopted pursuant to authority granted in section (b) of this Article Fourth and the consent, by class or series vote or otherwise, of the holders of such of the series of Preferred Stock as are from time to time outstanding shall not be required for the issuance by the Board of Directors of any other series of Preferred Stock whether or not the powers, preferences and rights of such other series shall be fixed by the Board of Directors as senior to, or on a parity with, the powers, preferences and rights of such outstanding series, or any of them; provided, however, that the Board of Directors may provide in the resolution or resolutions as to any series of Preferred Stock adopted pursuant to section (b) of this Article Fourth that the consent of the holders of a majority (or such greater proportion as shall be therein fixed) of the outstanding shares of such series voting thereon shall be required for the issuance of any or all other series of Preferred Stock.

(f) Subject to the provisions of section (e), shares of any series of Preferred Stock may be issued from time to time as the Board of Directors of the Corporation shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors.

(g) Shares of Common Stock may be issued from time to time as the Board of Directors of the Corporation shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors.

(h) The authorized amount of shares of Common Stock and of Preferred Stock may, without a class or series vote, be increased or decreased from time to time by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon.

Fifth: - (a) The business and affairs of the Corporation shall be conducted and managed by a Board of Directors. The number of directors constituting the entire Board shall be not less than five nor more than twenty-five as fixed from time to time by vote of a majority of the whole Board, provided, however, that the number of directors shall not be reduced so as to shorten the term of any director at the time in office, and provided further, that the number of directors constituting the whole Board shall be twenty-four until otherwise fixed by a majority of the whole Board.

(b) The Board of Directors shall be divided into three classes, as

nearly equal in number as the then total number of directors constituting the whole Board permits, with the term of office of one class expiring each year. At the annual meeting of stockholders in 1982, directors of the first class shall be elected to hold office for a term expiring at the next succeeding annual meeting, directors of the second class shall be elected to hold office for a term expiring at the second succeeding annual meeting and directors of the third class shall be elected to hold office for a term expiring at the third succeeding annual meeting. Any vacancies in the Board of Directors for any reason, and any newly created directorships resulting from any increase in the directors, may be filled by the Board of Directors, acting by a majority of the directors then in office, although less than a quorum, and any directors so chosen shall hold office until the next annual election of directors. At such election, the stockholders shall elect a successor to such director to hold office until the next election of the class for which such director shall have been chosen and until his successor shall be elected and qualified. No decrease in the number of directors shall shorten the term of any incumbent director.

(c) Notwithstanding any other provisions of this Charter or Act of Incorporation or the By-Laws of the Corporation (and notwithstanding the fact that some lesser percentage may be specified by law, this Charter or Act of Incorporation or the By-Laws of the Corporation), any director or the entire Board of Directors of the Corporation may be removed at any time without cause, but only by the affirmative vote of the holders of two-thirds or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) cast at a meeting of the stockholders called for that purpose.

(d) Nominations for the election of directors may be made by the Board of Directors or by any stockholder entitled to vote for the election of directors. Such nominations shall be made by notice in writing, delivered or mailed by first class United States mail, postage prepaid, to the Secretary of the Corporation not less than 14 days nor more than 50 days prior to any meeting of the stockholders called for the election of directors; provided, however, that if less than 21 days' notice of the meeting is given to stockholders, such written notice shall be delivered or mailed, as prescribed, to the Secretary of the Corporation not later than the close of the seventh day following the day on which notice of the meeting was mailed to stockholders. Notice of nominations which are proposed by the Board of Directors shall be given by the Chairman on behalf of the Board.

(e) Each notice under subsection (d) shall set forth (i) the name, age, business address and, if known, residence address of each nominee proposed in such notice, (ii) the principal occupation or employment of such nominee and (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee.

(f) The Chairman of the meeting may, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

(g) No action required to be taken or which may be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, and the power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

Sixth: - The Directors shall choose such officers, agents and servants as may be provided in the By-Laws as they may from time to time find necessary or proper.

Seventh: - The Corporation hereby created is hereby given the same powers, rights and privileges as may be conferred upon corporations organized under the Act entitled "An Act Providing a General Corporation Law", approved March 10, 1899, as from time to time amended.

Eighth: - This Act shall be deemed and taken to be a private Act.

Ninth: - This Corporation is to have perpetual existence.

Tenth: - The Board of Directors, by resolution passed by a majority of the whole Board, may designate any of their number to constitute an Executive Committee, which Committee, to the extent provided in said resolution, or in the By-Laws of the Company, shall have and may exercise all of the powers of the Board of Directors in the management of the business and affairs of the Corporation, and shall have power to authorize the seal of the Corporation to be affixed to all papers which may require it.

Eleventh: - The private property of the stockholders shall not be liable for the payment of corporate debts to any extent whatever.

Twelfth: - The Corporation may transact business in any part of the world.

Thirteenth: - The Board of Directors of the Corporation is expressly authorized to make, alter or repeal the By-Laws of the Corporation by a vote of the majority of the entire Board. The stockholders may make, alter or repeal any By-Law whether or not adopted by them, provided however, that any such additional By-Laws, alterations or repeal may be adopted only by the affirmative vote of the holders of two-thirds or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for

this purpose as one class).

Fourteenth: - Meetings of the Directors may be held outside of the State of Delaware at such places as may be from time to time designated by the Board, and the Directors may keep the books of the Company outside of the State of Delaware at such places as may be from time to time designated by them.

Fifteenth: - (a) (1) In addition to any affirmative vote required by law, and except as otherwise expressly provided in sections (b) and (c) of this Article Fifteenth:

(A) any merger or consolidation of the Corporation or any Subsidiary (as hereinafter defined) with or into (i) any Interested Stockholder (as hereinafter defined) or (ii) any other corporation (whether or not itself an Interested Stockholder), which, after such merger or consolidation, would be an Affiliate (as hereinafter defined) of an Interested Stockholder, or

(B) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of related transactions) to or with any Interested Stockholder or any Affiliate of any Interested Stockholder of any assets of the Corporation or any Subsidiary having an aggregate fair market value of \$1,000,000 or more, or

(C) the issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of related transactions) of any securities of the Corporation or any Subsidiary to any Interested Stockholder or any Affiliate of any Interested Stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate fair market value of \$1,000,000 or more, or

(D) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation, or

(E) any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries or any similar transaction (whether or not with or into or otherwise involving an Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary which is directly or indirectly owned by any Interested Stockholder, or any Affiliate of any Interested Stockholder,

shall require the affirmative vote of the holders of at least two-thirds of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, considered for the purpose of this Article Fifteenth as one class ("Voting Shares"). Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that some lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

(2) The term "business combination" as used in this Article Fifteenth shall mean any transaction which is referred to in any one or more of clauses (A) through (E) of paragraph 1 of the section (a).

(b) The provisions of section (a) of this Article Fifteenth shall not be applicable to any particular business combination and such business combination shall require only such affirmative vote as is required by law and any other provisions of the Charter or Act of Incorporation or By-Laws if such business combination has been approved by a majority of the whole Board.

(c) For the purposes of this Article Fifteenth:

(1) A "person" shall mean any individual, firm, corporation or other entity.

(2) "Interested Stockholder" shall mean, in respect of any business combination, any person (other than the Corporation or any Subsidiary) who or which as of the record date for the determination of stockholders entitled to notice of and to vote on such business combination, or immediately prior to the consummation of any such transaction:

(A) is the beneficial owner, directly or indirectly, of more than 10% of the Voting Shares, or

(B) is an Affiliate of the Corporation and at any time within two years prior thereto was the beneficial owner, directly or indirectly, of not less than 10% of the then outstanding voting Shares, or

(C) is an assignee of or has otherwise succeeded in any share of capital stock of the Corporation which were at any time within two years prior thereto beneficially owned by any Interested Stockholder, and such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

(3) A person shall be the "beneficial owner" of any Voting Shares:

(A) which such person or any of its Affiliates and Associates (as hereafter defined) beneficially own, directly or indirectly, or

(B) which such person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (ii) the right to vote pursuant to any agreement, arrangement or understanding, or

(C) which are beneficially owned, directly or indirectly, by any other person with which such first mentioned person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of capital stock of the Corporation.

(4) The outstanding Voting Shares shall include shares deemed owned through application of paragraph (3) above but shall not include any other Voting Shares which may be issuable pursuant to any agreement, or upon exercise of conversion rights, warrants or options or otherwise.

(5) "Affiliate" and "Associate" shall have the respective meanings given those terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on December 31, 1981.

(6) "Subsidiary" shall mean any corporation of which a majority of any class of equity security (as defined in Rule 3a11-1 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on December 31, 1981) is owned, directly or indirectly, by the Corporation; provided, however, that for the purposes of the definition of Investment Stockholder set forth in paragraph (2) of this section (c), the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

(d) majority of the directors shall have the power and duty to determine for the purposes of this Article Fifteenth on the basis of information known to them, (1) the number of Voting Shares beneficially owned by any person (2) whether a person is an Affiliate or Associate of another, (3) whether a person has an agreement, arrangement or understanding with another as to the matters referred to in paragraph (3) of section (c), or (4) whether the assets subject to any business combination or the consideration received for the issuance or transfer of securities by the Corporation, or any Subsidiary has an aggregate fair market value of \$1,000,000 or more.

(e) Nothing contained in this Article Fifteenth shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

Sixteenth: Notwithstanding any other provision of this Charter or Act of Incorporation or the By-Laws of the Corporation (and in addition to any other vote that may be required by law, this Charter or Act of Incorporation by the By-Laws), the affirmative vote of the holders of at least two-thirds of the outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) shall be required to amend, alter or repeal any provision of Articles Fifth, Thirteenth, Fifteenth or Sixteenth of this Charter or Act of Incorporation.

Seventeenth: (a) a Director of this Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director, except to the extent such exemption from liability or limitation thereof is not permitted under the Delaware General Corporation Laws as the same exists or may hereafter be amended.

(b) Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a Director of the Corporation existing hereunder with respect to any act or omission occurring prior to the time of such repeal or modification."

EXHIBIT B

BY-LAWS

WILMINGTON TRUST COMPANY

WILMINGTON, DELAWARE

As existing on February 20, 2000

BY-LAWS OF WILMINGTON TRUST COMPANY

ARTICLE I
Stockholders' Meetings

Section 1. The Annual Meeting of Stockholders shall be held on the third Thursday in April each year at the principal office at the Company or at such other date, time, or place as may be designated by resolution by the Board of Directors.

Section 2. Special meetings of all stockholders may be called at any time by the Board of Directors, the Chairman of the Board or the President.

Section 3. Notice of all meetings of the stockholders shall be given by mailing to each stockholder at least ten (10) days before said meeting, at his last known address, a written or printed notice fixing the time and place of such meeting.

Section 4. A majority in the amount of the capital stock of the Company issued and outstanding on the record date, as herein determined, shall constitute a quorum at all meetings of stockholders for the transaction of any business, but the holders of a small number of shares may adjourn, from time to time, without further notice, until a quorum is secured. At each annual or special meeting of stockholders, each stockholder shall be entitled to one vote, either in person or by proxy, for each share of stock registered in the stockholder's name on the books of the Company on the record date for any such meeting as determined herein.

ARTICLE II
Directors

Section 1. The authorized number of directors that shall constitute the Board of Directors shall be fixed from time to time by or pursuant to a resolution passed by a majority of the Board within the parameters set by the Charter of the Bank. No more than two directors may also be employees of the Company or any affiliate thereof.

Section 2. Except as provided in these Bylaws or as otherwise required by law, there shall be no qualifications for election or service as directors of the Company. In addition to any other provisions of these Bylaws, to be qualified for nomination for Election or appointment to the Board of Directors each person must have not attained the age of sixty-nine years at the time of such election or appointment, provided however, the Nominating and Corporate Governance Committee may waive such qualification as to a particular candidate otherwise qualified to serve as a director upon a good faith determination by such committee that such a waiver is in the best interests of the Company and its stockholders. The Chairman of the Board of Directors shall not be qualified to continue to serve as a director upon the termination of his or her services in that office for any reason.

Section 3. The class of Directors so elected shall hold office for three years or until their successors are elected and qualified.

Section 4. The affairs and business of the Company shall be managed and conducted by the Board of Directors.

Section 5. The Board of Directors shall meet at the principal office of the Company or elsewhere in its discretion at such times to be determined by a majority of its members, or at the call of the Chairman of the Board of Directors or the President.

Section 6. Special meetings of the Board of Directors may be called at any time by the Chairman of the Board of Directors or by the President, and shall be called upon the written request of a majority of the directors.

Section 7. A majority of the directors elected and qualified shall be necessary to constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 8. Written notice shall be sent by mail to each director of any special meeting of the Board of Directors, and of any change in the time or place of any regular meeting, stating the time and place of such meeting, which shall be mailed not less than two days before the time of holding such meeting.

Section 9. In the event of the death, resignation, removal, inability to act, or disqualification of any director, the Board of Directors, although less than a quorum, shall have the right to elect the successor who shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred, and until such director's successor shall have been duly elected and qualified.

Section 10. The Board of Directors at its first meeting after its election by the stockholders shall appoint an Executive Committee, a Trust Committee, an Audit Committee and a Compensation Committee, and shall elect from its own members a Chairman of the Board of Directors and a President who may be the same person. The Board of Directors shall also elect at such meeting a Secretary and a Treasurer, who may be the same person, may appoint at any time such other committees and elect or appoint such other officers as it may deem advisable. The Board of Directors may also elect at such meeting one or more Associate Directors.

Section 11. The Board of Directors may at any time remove, with or without cause, any member of any Committee appointed by it or any associate director or officer elected by it and may appoint or elect his successor.

Section 12. The Board of Directors may designate an officer to be in charge of such of the departments or divisions of the Company as it may deem advisable.

ARTICLE III Committees

Section 1. Executive Committee

(A) The Executive Committee shall be composed of not more than nine members who shall be selected by the Board of Directors from its own members and who shall hold office during the pleasure of the Board.

(B) The Executive Committee shall have all the powers of the Board of Directors when it is not in session to transact all business for and in behalf of the Company that may be brought before it.

(C) The Executive Committee shall meet at the principal office of the Company or elsewhere in its discretion at such times to be determined by a majority of its members, or at the call of the Chairman of the Executive Committee or at the call of the Chairman of the Board of Directors. The majority of its members shall be necessary to constitute a quorum for the transaction of business. Special meetings of the Executive Committee may be held at any time when a quorum is present.

(D) Minutes of each meeting of the Executive Committee shall be kept and submitted to the Board of Directors at its next meeting.

(E) The Executive Committee shall advise and superintend all investments that may be made of the funds of the Company, and shall direct the disposal of the same, in accordance with such rules and regulations as the Board of Directors from time to time make.

(F) In the event of a state of disaster of sufficient severity to prevent the conduct and management of the affairs and business of the Company by its directors and officers as contemplated by these By-Laws any two available members of the Executive Committee as constituted immediately prior to such disaster shall constitute a quorum of that Committee for the full conduct and management of the affairs and business of the Company in accordance with the provisions of Article III of these By-Laws; and if less than three members of the Trust Committee is constituted immediately prior to such disaster shall be available for the transaction of its business, such Executive Committee shall also be empowered to exercise all of the powers reserved to the Trust Committee under Article III Section 2 hereof. In the event of the unavailability, at such time, of a minimum of two members of such Executive Committee, any three available directors shall constitute the Executive Committee for the full conduct and management of the affairs and business of the Company in accordance with the foregoing provisions of this Section. This By-Law shall be subject to implementation by Resolutions of the Board of Directors presently existing or hereafter passed from time to time for that purpose, and any provisions of these By-Laws (other than this Section) and any resolutions which are contrary to the provisions of this Section or to the provisions of any such implementary Resolutions shall be suspended during such a disaster period until it shall be determined by any interim Executive Committee acting under this section that it shall be to the advantage of the Company to resume the conduct and management of its affairs and business under all of the other provisions of these By-Laws.

Section 2. Audit Committee

(A) The Audit Committee shall be composed of five members who shall be selected by the Board of Directors from its own members, none of whom shall be an officer of the Company, and shall hold office at the pleasure of the Board.

(B) The Audit Committee shall have general supervision over the Audit Division in all matters however subject to the approval of the Board of Directors; it shall consider all matters brought to its attention by the officer in charge of the Audit Division, review all reports of examination of the Company made by any governmental agency or such independent auditor employed for that purpose, and make such recommendations to the Board of Directors with respect thereto or with respect to any other matters pertaining to auditing the Company as it shall deem desirable.

(C) The Audit Committee shall meet whenever and wherever the majority of its members shall deem it to be proper for the transaction of its business, and a majority of its Committee shall constitute a quorum.

Section 3. Compensation Committee

(A) The Compensation Committee shall be composed of not more than five (5) members who shall be selected by the Board of Directors from its own members who are not officers of the Company and who shall hold office during

the pleasure of the Board.

(B) The Compensation Committee shall in general advise upon all matters of policy concerning the Company brought to its attention by the management and from time to time review the management of the Company, major organizational matters, including salaries and employee benefits and specifically shall administer the Executive Incentive Compensation Plan.

(C) Meetings of the Compensation Committee may be called at any time by the Chairman of the Compensation Committee, the Chairman of the Board of Directors, or the President of the Company.

Section 4. Associate Directors

(A) Any person who has served as a director may be elected by the Board of Directors as an associate director, to serve during the pleasure of the Board.

(B) An associate director shall be entitled to attend all directors meetings and participate in the discussion of all matters brought to the Board, with the exception that he would have no right to vote. An associate director will be eligible for appointment to Committees of the Company, with the exception of the Executive Committee, Audit Committee and Compensation Committee, which must be comprised solely of active directors.

Section 5. Absence or Disqualification of Any Member of a Committee

(A) In the absence or disqualification of any member of any Committee created under Article III of the By-Laws of this Company, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

ARTICLE IV Officers

Section 1. The Chairman of the Board of Directors shall preside at all meetings of the Board and shall have such further authority and powers and shall perform such duties as the Board of Directors may from time to time confer and direct. He shall also exercise such powers and perform such duties as may from time to time be agreed upon between himself and the President of the Company.

Section 2. The Vice Chairman of the Board. The Vice Chairman of the Board of Directors shall preside at all meetings of the Board of Directors at which the Chairman of the Board shall not be present and shall have such further authority and powers and shall perform such duties as the Board of Directors or the Chairman of the Board may from time to time confer and direct.

Section 3. The President shall have the powers and duties pertaining to the office of the President conferred or imposed upon him by statute or assigned to him by the Board of Directors. In the absence of the Chairman of the Board the President shall have the powers and duties of the Chairman of the Board.

Section 4. The Chairman of the Board of Directors or the President as designated by the Board of Directors, shall carry into effect all legal directions of the Executive Committee and of the Board of Directors, and shall at all times exercise general supervision over the interest, affairs and operations of the Company and perform all duties incident to his office.

Section 5. There may be one or more Vice Presidents, however denominated by the Board of Directors, who may at any time perform all the duties of the Chairman of the Board of Directors and/or the President and such other powers and duties as may from time to time be assigned to them by the Board of Directors, the Executive Committee, the Chairman of the Board or the President and by the officer in charge of the department or division to which they are assigned.

Section 6. The Secretary shall attend to the giving of notice of meetings of the stockholders and the Board of Directors, as well as the Committees thereof, to the keeping of accurate minutes of all such meetings and to recording the same in the minute books of the Company. In addition to the other notice requirements of these By-Laws and as may be practicable under the circumstances, all such notices shall be in writing and mailed well in advance of the scheduled date of any other meeting. He shall have custody of the corporate seal and shall affix the same to any documents requiring such corporate seal and to attest the same.

Section 7. The Treasurer shall have general supervision over all assets and liabilities of the Company. He shall be custodian of and responsible for all monies, funds and valuables of the Company and for the keeping of proper records of the evidence of property or indebtedness and of all the transactions of the Company. He shall have general supervision of the expenditures of the Company and shall report to the Board of Directors at each regular meeting of the condition of the Company, and perform such other duties as may be assigned to him from time to time by the Board of Directors of the Executive Committee.

Section 8. There may be a Controller who shall exercise general supervision over the internal operations of the Company, including accounting, and shall render to the Board of Directors at appropriate times a report relating to the general condition and internal operations of the Company.

There may be one or more subordinate accounting or controller officers however denominated, who may perform the duties of the Controller and such duties as may be prescribed by the Controller.

Section 9. The officer designated by the Board of Directors to be in

charge of the Audit Division of the Company with such title as the Board of Directors shall prescribe, shall report to and be directly responsible only to the Board of Directors.

There shall be an Auditor and there may be one or more Audit Officers, however denominated, who may perform all the duties of the Auditor and such duties as may be prescribed by the officer in charge of the Audit Division.

Section 10. There may be one or more officers, subordinate in rank to all Vice Presidents with such functional titles as shall be determined from time to time by the Board of Directors, who shall ex officio hold the office Assistant Secretary of this Company and who may perform such duties as may be prescribed by the officer in charge of the department or division to whom they are assigned.

Section 11. The powers and duties of all other officers of the Company shall be those usually pertaining to their respective offices, subject to the direction of the Board of Directors, the Executive Committee, Chairman of the Board of Directors or the President and the officer in charge of the department or division to which they are assigned.

ARTICLE V Stock and Stock Certificates

Section 1. Shares of stock shall be transferable on the books of the Company and a transfer book shall be kept in which all transfers of stock shall be recorded.

Section 2. Certificates of stock shall bear the signature of the President or any Vice President, however denominated by the Board of Directors and countersigned by the Secretary or Treasurer or an Assistant Secretary, and the seal of the corporation shall be engraved thereon. Each certificate shall recite that the stock represented thereby is transferable only upon the books of the Company by the holder thereof or his attorney, upon surrender of the certificate properly endorsed. Any certificate of stock surrendered to the Company shall be cancelled at the time of transfer, and before a new certificate or certificates shall be issued in lieu thereof. Duplicate certificates of stock shall be issued only upon giving such security as may be satisfactory to the Board of Directors or the Executive Committee.

Section 3. The Board of Directors of the Company is authorized to fix in advance a record date for the determination of the stockholders entitled to notice of, and to vote at, any meeting of stockholders and any adjournment thereof, or entitled to receive payment of any dividend, or to any allotment or rights, or to exercise any rights in respect of any change, conversion or exchange of capital stock, or in connection with obtaining the consent of stockholders for any purpose, which record date shall not be more than 60 nor less than 10 days proceeding the date of any meeting of stockholders or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent.

ARTICLE VI Seal

Section 1. The corporate seal of the Company shall be in the following form:

Between two concentric circles the words
"Wilmington Trust Company" within the inner
circle the words "Wilmington, Delaware."

ARTICLE VII Fiscal Year

Section 1. The fiscal year of the Company shall be the calendar year.

ARTICLE VIII Execution of Instruments of the Company

Section 1. The Chairman of the Board, the President or any Vice President, however denominated by the Board of Directors, shall have full power and authority to enter into, make, sign, execute, acknowledge and/or deliver and the Secretary or any Assistant Secretary shall have full power and authority to attest and affix the corporate seal of the Company to any and all deeds, conveyances, assignments, releases, contracts, agreements, bonds, notes, mortgages and all other instruments incident to the business of this Company or in acting as executor, administrator, guardian, trustee, agent or in any other fiduciary or representative capacity by any and every method of appointment or by whatever person, corporation, court officer or authority in the State of Delaware, or elsewhere, without any specific authority, ratification, approval or confirmation by the Board of Directors or the Executive Committee, and any and all such instruments shall have the same force and validity as though expressly authorized by the Board of Directors and/or the Executive Committee.

ARTICLE IX Compensation of Directors and Members of Committees

Section 1. Directors and associate directors of the Company, other than salaried officers of the Company, shall be paid such reasonable honoraria or fees for attending meetings of the Board of Directors as the Board of Directors may from time to time determine. Directors and associate directors who serve as members of committees, other than salaried employees of the Company, shall be

paid such reasonable honoraria or fees for services as members of committees as the Board of Directors shall from time to time determine and directors and associate directors may be employed by the Company for such special services as the Board of Directors may from time to time determine and shall be paid for such special services so performed reasonable compensation as may be determined by the Board of Directors.

ARTICLE X Indemnification

Section 1. (A) The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding") by reason of the fact that he, or a person for whom he is the legal representative, is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee, fiduciary or agent of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses reasonably incurred by such person. The Corporation shall indemnify a person in connection with a proceeding initiated by such person only if the proceeding was authorized by the Board of Directors of the Corporation.

(B) The Corporation shall pay the expenses incurred in defending any proceeding in advance of its final disposition, provided, however, that the payment of expenses incurred by a Director or officer in his capacity as a Director or officer in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Director or officer to repay all amounts advanced if it should be ultimately determined that the Director or officer is not entitled to be indemnified under this Article or otherwise.

(C) If a claim for indemnification or payment of expenses, under this Article X is not paid in full within ninety days after a written claim therefor has been received by the Corporation the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

(D) The rights conferred on any person by this Article X shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Charter or Act of Incorporation, these By-Laws, agreement, vote of stockholders or disinterested Directors or otherwise.

(E) Any repeal or modification of the foregoing provisions of this Article X shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

ARTICLE XI Amendments to the By-Laws

Section 1. These By-Laws may be altered, amended or repealed, in whole or in part, and any new By-Law or By-Laws adopted at any regular or special meeting of the Board of Directors by a vote of the majority of all the members of the Board of Directors then in office.

EXHIBIT C

Section 321(b) Consent

Pursuant to Section 321(b) of the Trust Indenture Act of 1939, as amended, Wilmington Trust Company hereby consents that reports of examinations by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon requests therefor.

WILMINGTON TRUST COMPANY

Dated: February 7, 2001

By: /s/ Bruce L. Bisson

Name: Bruce L. Bisson

Title: Vice President

EXHIBIT D

NOTICE

This form is intended to assist state nonmember banks and savings banks with state publication requirements. It has not been approved by any state banking authorities. Refer to your appropriate state banking authorities for your state publication requirements.

R E P O R T O F C O N D I T I O N

Consolidating domestic subsidiaries of the

----- WILMINGTON TRUST COMPANY of WILMINGTON -----
Name of Bank City

in the State of DELAWARE, at the close of business on September 30, 2000.

ASSETS

Thousands of dollars

Cash and balances due from depository institutions:
Noninterest-bearing balances and currency and coins...173,106
Interest-bearing balances...0
Held-to-maturity securities...21,442
Available-for-sale securities...1,408,123
Federal funds sold and securities purchased under agreements to resell...482,197
Loans and lease financing receivables:
Loans and leases, net of unearned income...4,325,225
LESS: Allowance for loan and lease losses...69,894
LESS: Allocated transfer risk reserve...0
Loans and leases, net of unearned income, allowance, and reserve...4,755,331
Assets held in trading accounts...0
Premises and fixed assets (including capitalized leases)...121,675
Other real estate owned...597
Investments in unconsolidated subsidiaries and associated companies...1,636
Customers' liability to this bank on acceptances outstanding...0
Intangible assets...4,820
Other assets...65,791
Total assets...7,034,718

CONTINUED ON NEXT PAGE

LIABILITIES

Deposits:	
In domestic offices.....	5,331,872
Noninterest-bearing	1,111,039
Interest-bearing.	4,220,833
Federal funds purchased and Securities sold under agreements to repurchase.....	397,628
Demand notes issued to the U.S. Treasury.....	70,227
Trading liabilities (from Schedule RC-D).....	0
Other borrowed money:.....	////////
With original maturity of one year or less.....	675,000
With original maturity of more than one year.....	43,000
Bank's liability on acceptances executed and outstanding.....	0
Subordinated notes and debentures.....	0
Other liabilities (from Schedule RC-G).....	66,073
Total liabilities.....	6,583,800

EQUITY CAPITAL

Perpetual preferred stock and related surplus.....	0
Common Stock.....	500
Surplus (exclude all surplus related to preferred stock).....	62,118
Undivided profits and capital reserves.....	410,136
Net unrealized holding gains (losses) on available-for-sale securities.....	(21,836)
Total equity capital.....	450,918
Total liabilities, limited-life preferred stock, and equity capital....	7,034,718

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEECHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2)WILMINGTON TRUST COMPANY
(Exact name of trustee as specified in its charter)Delaware
(State of incorporation)51-0055023
(I.R.S. employer
identification no.)Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890
(Address of principal executive offices)Cynthia L. Corliss
Vice President and Trust Counsel
Wilmington Trust Company
Rodney Square North
Wilmington, Delaware 19890
(302) 651-8516
(Name, address and telephone number of agent for service)CONTINENTAL AIRLINES, INC.
(Exact name of obligor as specified in its charter)Delaware
(State of incorporation)74-2099724
(I.R.S. employer
identification no.)1600 Smith Street
Houston, Texas
(Address of principal executive offices)77002
(Zip Code)Guarantee of 6% Convertible Preferred Securities, Term Income Deferrable
Equity Securities (TIDES)SM by Continental Airlines, Inc.
(Title of the indenture securities)

ITEM 1. GENERAL INFORMATION.

Furnish the following information as to the trustee:

- (a) Name and address of each examining or supervising authority to
-
- which it is subject.

Federal Deposit Insurance Co. State Bank Commissioner
Five Penn Center Dover, Delaware
Suite #2901
Philadelphia, PA

- (b) Whether it is authorized to exercise corporate trust powers.

The trustee is authorized to exercise corporate trust
powers.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR.

If the obligor is an affiliate of the trustee, describe each
affiliation:Based upon an examination of the books and records of the
trustee and upon information furnished by the obligor, the obligor
is not an affiliate of the trustee.

ITEM 3. LIST OF EXHIBITS.

List below all exhibits filed as part of this Statement of
Eligibility and Qualification.

- A. Copy of the Charter of Wilmington Trust Company, which
-
- includes the certificate of authority of Wilmington Trust
-
- Company to commence business and the authorization of
-
- Wilmington Trust Company to exercise corporate trust powers.
-
- B. Copy of By-Laws of Wilmington Trust Company.

- C. Consent of Wilmington Trust Company required by Section 321(b) of Trust Indenture Act.
- D. Copy of most recent Report of Condition of Wilmington Trust Company.

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, Wilmington Trust Company, a corporation organized and existing under the laws of Delaware, has duly caused this Statement of Eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Wilmington and State of Delaware on the 7th day of February, 2001.

[SEAL]

WILMINGTON TRUST COMPANY

Attest: /s/ Monica M. Henry

By: /s/ Bruce L. Bisson

Name: Monica M. Henry

Name: Bruce L. Bisson

Title: Assistant Secretary

Title: Vice President

EXHIBIT A

AMENDED CHARTER

Wilmington Trust Company

Wilmington, Delaware

As existing on May 9, 1987

Amended Charter

or

Act of Incorporation

of

Wilmington Trust Company

Wilmington Trust Company, originally incorporated by an Act of the General Assembly of the State of Delaware, entitled "An Act to Incorporate the Delaware Guarantee and Trust Company", approved March 2, A.D. 1901, and the name of which company was changed to "Wilmington Trust Company" by an amendment filed in the Office of the Secretary of State on March 18, A.D. 1903, and the Charter or Act of Incorporation of which company has been from time to time amended and changed by merger agreements pursuant to the corporation law for state banks and trust companies of the State of Delaware, does hereby alter and amend its Charter or Act of Incorporation so that the same as so altered and amended shall in its entirety read as follows:

First: - The name of this corporation is Wilmington Trust Company.

Second: - The location of its principal office in the State of Delaware is at Rodney Square North, in the City of Wilmington, County of New Castle; the name of its resident agent is Wilmington Trust Company whose address is Rodney Square North, in said City. In addition to such principal office, the said corporation maintains and operates branch offices in the City of Newark, New Castle County, Delaware, the Town of Newport, New Castle County, Delaware, at Claymont, New Castle County, Delaware, at Greenville, New Castle County Delaware, and at Milford Cross Roads, New Castle County, Delaware, and shall be empowered to open, maintain and operate branch offices at Ninth and Shipley Streets, 418 Delaware Avenue, 2120 Market Street, and 3605 Market Street, all in the City of Wilmington, New Castle County, Delaware, and such other branch offices or places of business as may be authorized from time to time by the agency or agencies of the government of the State of Delaware empowered to confer such authority.

Third: - (a) The nature of the business and the objects and purposes proposed to be transacted, promoted or carried on by this Corporation are to do any or all of the things herein mentioned as fully and to the same extent as natural persons might or could do and in any part of the world, viz.:

(1) To sue and be sued, complain and defend in any Court of law or equity and to make and use a common seal, and alter the seal at pleasure, to hold, purchase, convey, mortgage or otherwise deal in real and personal estate and property, and to appoint such officers and agents as the business of the Corporation shall require, to make by-laws not inconsistent with the Constitution or laws of the United States or of this State, to discount bills, notes or other evidences of debt, to receive deposits of money, or securities for money, to buy gold and silver bullion and foreign coins, to buy and sell bills of exchange, and generally to use, exercise and enjoy all the powers, rights, privileges and franchises incident to a corporation which are proper or necessary for the transaction of the business of the Corporation hereby created.

(2) To insure titles to real and personal property, or any estate or interests therein, and to guarantee the holder of such property, real or personal, against any claim or claims, adverse to his interest therein, and to prepare and give certificates of title for any lands or premises in the State of Delaware, or elsewhere.

(3) To act as factor, agent, broker or attorney in the receipt, collection, custody, investment and management of funds, and the purchase, sale, management and disposal of property of all descriptions, and to prepare and execute all papers which may be necessary or proper in such business.

(4) To prepare and draw agreements, contracts, deeds, leases, conveyances, mortgages, bonds and legal papers of every description, and to carry on the business of conveyancing in all its branches.

(5) To receive upon deposit for safekeeping money, jewelry, plate, deeds, bonds and any and all other personal property of every sort and kind, from executors, administrators, guardians, public officers, courts, receivers, assignees, trustees, and from all fiduciaries, and from all other persons and individuals, and from all corporations whether state,

municipal, corporate or private, and to rent boxes, safes, vaults and other receptacles for such property.

(6) To act as agent or otherwise for the purpose of registering, issuing, certificating, countersigning, transferring or underwriting the stock, bonds or other obligations of any corporation, association, state or municipality, and may receive and manage any sinking fund therefor on such terms as may be agreed upon between the two parties, and in like manner may act as Treasurer of any corporation or municipality.

(7) To act as Trustee under any deed of trust, mortgage, bond or other instrument issued by any state, municipality, body politic, corporation, association or person, either alone or in conjunction with any other person or persons, corporation or corporations.

(8) To guarantee the validity, performance or effect of any contract or agreement, and the fidelity of persons holding places of responsibility or trust; to become surety for any person, or persons, for the faithful performance of any trust, office, duty, contract or agreement, either by itself or in conjunction with any other person, or persons, corporation, or corporations, or in like manner become surety upon any bond, recognizance, obligation, judgment, suit, order, or decree to be entered in any court of record within the State of Delaware or elsewhere, or which may now or hereafter be required by any law, judge, officer or court in the State of Delaware or elsewhere.

(9) To act by any and every method of appointment as trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian, bailee, or in any other trust capacity in the receiving, holding, managing, and disposing of any and all estates and property, real, personal or mixed, and to be appointed as such trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian or bailee by any persons, corporations, court, officer, or authority, in the State of Delaware or elsewhere; and whenever this Corporation is so appointed by any person, corporation, court, officer or authority such trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian, bailee, or in any other trust capacity, it shall not be required to give bond with surety, but its capital stock shall be taken and held as security for the performance of the duties devolving upon it by such appointment.

(10) And for its care, management and trouble, and the exercise of any of its powers hereby given, or for the performance of any of the duties which it may undertake or be called upon to perform, or for the assumption of any responsibility the said Corporation may be entitled to receive a proper compensation.

(11) To purchase, receive, hold and own bonds, mortgages, debentures, shares of capital stock, and other securities, obligations, contracts and evidences of indebtedness, of any private, public or municipal corporation within and without the State of Delaware, or of the Government of the United States, or of any state, territory, colony, or possession thereof, or of any foreign government or country; to receive, collect, receipt for, and dispose of interest, dividends and income upon and from any of the bonds, mortgages, debentures, notes, shares of capital stock, securities, obligations, contracts, evidences of indebtedness and other property held and owned by it, and to exercise in respect of all such bonds, mortgages, debentures, notes, shares of capital stock, securities, obligations, contracts, evidences of indebtedness and other property, any and all the rights, powers and privileges of individual owners thereof, including the right to vote thereon; to invest and deal in and with any of the moneys of the Corporation upon such securities and in such manner as it may think fit and proper, and from time to time to vary or realize such investments; to issue bonds and secure the same by pledges or deeds of trust or mortgages of or upon the whole or any part of the property held or owned by the Corporation, and to sell and pledge such bonds, as and when the Board of Directors shall determine, and in the promotion of its said corporate business of investment and to the extent authorized by law, to lease, purchase, hold, sell, assign, transfer, pledge, mortgage and convey real and personal property of any name and nature and any estate or interest therein.

(b) In furtherance of, and not in limitation, of the powers conferred by the laws of the State of Delaware, it is hereby expressly provided that the said Corporation shall also have the following powers:

(1) To do any or all of the things herein set forth, to the same extent as natural persons might or could do, and in any part of the world.

(2) To acquire the good will, rights, property and franchises and to undertake the whole or any part of the assets and liabilities of any person, firm, association or corporation, and to pay for the same in cash, stock of this Corporation,

bonds or otherwise; to hold or in any manner to dispose of the whole or any part of the property so purchased; to conduct in any lawful manner the whole or any part of any business so acquired, and to exercise all the powers necessary or convenient in and about the conduct and management of such business.

(3) To take, hold, own, deal in, mortgage or otherwise lien, and to lease, sell, exchange, transfer, or in any manner whatever dispose of property, real, personal or mixed, wherever situated.

(4) To enter into, make, perform and carry out contracts of every kind with any person, firm, association or corporation, and, without limit as to amount, to draw, make, accept, endorse, discount, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures, and other negotiable or transferable instruments.

(5) To have one or more offices, to carry on all or any of its operations and businesses, without restriction to the same extent as natural persons might or could do, to purchase or otherwise acquire, to hold, own, to mortgage, sell, convey or otherwise dispose of, real and personal property, of every class and description, in any State, District, Territory or Colony of the United States, and in any foreign country or place.

(6) It is the intention that the objects, purposes and powers specified and clauses contained in this paragraph shall (except where otherwise expressed in said paragraph) be nowise limited or restricted by reference to or inference from the terms of any other clause of this or any other paragraph in this charter, but that the objects, purposes and powers specified in each of the clauses of this paragraph shall be regarded as independent objects, purposes and powers.

Fourth: - (a) The total number of shares of all classes of stock which the Corporation shall have authority to issue is forty-one million (41,000,000) shares, consisting of:

(1) One million (1,000,000) shares of Preferred stock, par value \$10.00 per share (hereinafter referred to as "Preferred Stock"); and

(2) Forty million (40,000,000) shares of Common Stock, par value \$1.00 per share (hereinafter referred to as "Common Stock").

(b) Shares of Preferred Stock may be issued from time to time in one or more series as may from time to time be determined by the Board of Directors each of said series to be distinctly designated. All shares of any one series of Preferred Stock shall be alike in every particular, except that there may be different dates from which dividends, if any, thereon shall be cumulative, if made cumulative. The voting powers and the preferences and relative, participating, optional and other special rights of each such series, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding; and, subject to the provisions of subparagraph 1 of Paragraph (c) of this Article Fourth, the Board of Directors of the Corporation is hereby expressly granted authority to fix by resolution or resolutions adopted prior to the issuance of any shares of a particular series of Preferred Stock, the voting powers and the designations, preferences and relative, optional and other special rights, and the qualifications, limitations and restrictions of such series, including, but without limiting the generality of the foregoing, the following:

(1) The distinctive designation of, and the number of shares of Preferred Stock which shall constitute such series, which number may be increased (except where otherwise provided by the Board of Directors) or decreased (but not below the number of shares thereof then outstanding) from time to time by like action of the Board of Directors;

(2) The rate and times at which, and the terms and conditions on which, dividends, if any, on Preferred Stock of such series shall be paid, the extent of the preference or relation, if any, of such dividends to the dividends payable on any other class or classes, or series of the same or other class of stock and whether such dividends shall be cumulative or non-cumulative;

(3) The right, if any, of the holders of Preferred Stock of such series to convert the same into or exchange the same for, shares of any other class or classes or of any series of the same or any other class or classes of stock of the Corporation and the terms and conditions of such conversion or exchange;

(4) Whether or not Preferred Stock of such series shall be subject to redemption, and the redemption price or prices and the time or times at which, and the terms and conditions on which, Preferred Stock of such series may be redeemed.

(5) The rights, if any, of the holders of Preferred Stock of such series upon the voluntary or involuntary liquidation, merger, consolidation, distribution or sale of assets, dissolution or winding-up, of the Corporation.

(6) The terms of the sinking fund or redemption or purchase account, if any, to be provided for the Preferred Stock of such series; and

(7) The voting powers, if any, of the holders of such series of Preferred Stock which may, without limiting the generality of the foregoing include the right, voting as a series or by itself or together with other series of Preferred Stock or all series of Preferred Stock as a class, to elect one or more directors of the Corporation if there shall have been a default in the payment of dividends on any one or more series of Preferred Stock or under such circumstances and on such conditions as the Board of Directors may determine.

(c) (1) After the requirements with respect to preferential dividends on the Preferred Stock (fixed in accordance with the provisions of section (b) of this Article Fourth), if any, shall have been met and after the Corporation shall have complied with all the requirements, if any, with respect to the setting aside of sums as sinking funds or redemption or purchase accounts (fixed in accordance with the provisions of section (b) of this Article Fourth), and subject further to any conditions which may be fixed in accordance with the provisions of section (b) of this Article Fourth, then and not otherwise the holders of Common Stock shall be entitled to receive such dividends as may be declared from time to time by the Board of Directors.

(2) After distribution in full of the preferential amount, if any, (fixed in accordance with the provisions of section (b) of this Article Fourth), to be distributed to the holders of Preferred Stock in the event of voluntary or involuntary liquidation, distribution or sale of assets, dissolution or winding-up, of the Corporation, the holders of the Common Stock shall be entitled to receive all of the remaining assets of the Corporation, tangible and intangible, of whatever kind available for distribution to stockholders ratably in proportion to the number of shares of Common Stock held by them respectively.

(3) Except as may otherwise be required by law or by the provisions of such resolution or resolutions as may be adopted by the Board of Directors pursuant to section (b) of this Article Fourth, each holder of Common Stock shall have one vote in respect of each share of Common Stock held on all matters voted upon by the stockholders.

(d) No holder of any of the shares of any class or series of stock or of options, warrants or other rights to purchase shares of any class or series of stock or of other securities of the Corporation shall have any preemptive right to purchase or subscribe for any unissued stock of any class or series or any additional shares of any class or series to be issued by reason of any increase of the authorized capital stock of the Corporation of any class or series, or bonds, certificates of indebtedness, debentures or other securities convertible into or exchangeable for stock of the Corporation of any class or series, or carrying any right to purchase stock of any class or series, but any such unissued stock, additional authorized issue of shares of any class or series of stock or securities convertible into or exchangeable for stock, or carrying any right to purchase stock, may be issued and disposed of pursuant to resolution of the Board of Directors to such persons, firms, corporations or associations, whether such holders or others, and upon such terms as may be deemed advisable by the Board of Directors in the exercise of its sole discretion.

(e) The relative powers, preferences and rights of each series of Preferred Stock in relation to the relative powers, preferences and rights of each other series of Preferred Stock shall, in each case, be as fixed from time to time by the Board of Directors in the resolution or resolutions adopted pursuant to authority granted in section (b) of this Article Fourth and the consent, by class or series vote or otherwise, of the holders of such of the series of Preferred Stock as are from time to time outstanding shall not be required for the issuance by the Board of Directors of any other series of Preferred Stock whether or not the powers, preferences and rights of such other series shall be fixed by the Board of Directors as senior to, or on a parity with, the powers, preferences and rights of such outstanding series, or any of them; provided, however, that the Board of Directors may provide in the resolution or resolutions as to any series of Preferred Stock adopted pursuant to section (b) of this Article Fourth that the consent of the holders of a majority (or such greater proportion as shall be therein fixed) of the outstanding shares of such series voting thereon shall be required for the issuance of any or all other series of Preferred Stock.

(f) Subject to the provisions of section (e), shares of any series of Preferred Stock may be issued from time to time as the Board of Directors of the Corporation shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors.

(g) Shares of Common Stock may be issued from time to time as the Board of Directors of the Corporation shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors.

(h) The authorized amount of shares of Common Stock and of Preferred Stock may, without a class or series vote, be increased or decreased from time to time by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon.

Fifth: - (a) The business and affairs of the Corporation shall be conducted and managed by a Board of Directors. The number of directors constituting the entire Board shall be not less than five nor more than twenty-five as fixed from time to time by vote of a majority of the whole Board, provided, however, that the number of directors shall not be reduced so as to shorten the term of any director at the time in office, and provided further, that the number of directors constituting the whole Board shall be twenty-four until otherwise fixed by a majority of the whole Board.

(b) The Board of Directors shall be divided into three classes, as nearly equal in number as the then total number of directors constituting the whole Board permits, with the term of office of one class expiring each year. At the annual meeting of stockholders in 1982, directors of the first class shall be elected to hold office for a term expiring at the next succeeding annual meeting, directors of the second class shall be elected to hold office for a term expiring at the second succeeding annual meeting and directors of the third class shall be elected to hold office for a term expiring at the third succeeding annual meeting. Any vacancies in the Board of Directors for any reason, and any newly created directorships resulting from any increase in the directors, may be filled by the Board of Directors, acting by a majority of the directors then in office, although less than a quorum, and any directors so chosen shall hold office until the next annual election of directors. At such election, the stockholders shall elect a successor to such director to hold office until the next election of the class for which such director shall have been chosen and until his successor shall be elected and qualified. No decrease in the number of directors shall shorten the term of any incumbent director.

(c) Notwithstanding any other provisions of this Charter or Act of Incorporation or the By-Laws of the Corporation (and notwithstanding the fact that some lesser percentage may be specified by law, this Charter or Act of Incorporation or the By-Laws of the Corporation), any director or the entire Board of Directors of the Corporation may be removed at any time without cause, but only by the affirmative vote of the holders of two-thirds or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) cast at a meeting of the stockholders called for that purpose.

(d) Nominations for the election of directors may be made by the Board of Directors or by any stockholder entitled to vote for the election of directors. Such nominations shall be made by notice in writing, delivered or mailed by first class United States mail, postage prepaid, to the Secretary of the Corporation not less than 14 days nor more than 50 days prior to any meeting of the stockholders called for the election of directors; provided, however, that if less than 21 days' notice of the meeting is given to stockholders, such written notice shall be delivered or mailed, as prescribed, to the Secretary of the Corporation not later than the close of the seventh day following the day on which notice of the meeting was mailed to stockholders. Notice of nominations which are proposed by the Board of Directors shall be given by the Chairman on behalf of the Board.

(e) Each notice under subsection (d) shall set forth (i) the name, age, business address and, if known, residence address of each nominee proposed in such notice, (ii) the principal occupation or employment of such nominee and (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee.

(f) The Chairman of the meeting may, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

(g) No action required to be taken or which may be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, and the power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

Sixth: - The Directors shall choose such officers, agents and servants as may be provided in the By-Laws as they may from time to time find necessary or proper.

Seventh: - The Corporation hereby created is hereby given the same powers, rights and privileges as may be conferred upon corporations organized under the Act entitled "An Act Providing a General Corporation Law", approved March 10, 1899, as from time to time amended.

Eighth: - This Act shall be deemed and taken to be a private Act.

Ninth: - This Corporation is to have perpetual existence.

Tenth: - The Board of Directors, by resolution passed by a majority of the whole Board, may designate any of their number to constitute an Executive Committee, which Committee, to the extent provided in said resolution, or in the By-Laws of the Company, shall have and may exercise all of the powers of the Board of Directors in the management of the business and affairs of the Corporation, and shall have power to authorize the seal of the Corporation to be affixed to all papers which may require it.

Eleventh: - The private property of the stockholders shall not be liable for the payment of corporate debts to any extent whatever.

Twelfth: - The Corporation may transact business in any part of the world.

Thirteenth: - The Board of Directors of the Corporation is expressly authorized to make, alter or repeal the By-Laws of the Corporation by a vote of the majority of the entire Board. The stockholders may make, alter or repeal any By-Law whether or not adopted by them, provided however, that any such additional By-Laws, alterations or repeal may be adopted only by the affirmative vote of the holders of two-thirds or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class).

Fourteenth: - Meetings of the Directors may be held outside of the State of Delaware at such places as may be from time to time designated by the Board, and the Directors may keep the books of the Company outside of the State of Delaware at such places as may be from time to time designated by them.

Fifteenth: - (a) (1) In addition to any affirmative vote required by law, and except as otherwise expressly provided in sections (b) and (c) of this Article Fifteenth:

(A) any merger or consolidation of the Corporation or any Subsidiary (as hereinafter defined) with or into (i) any Interested Stockholder (as hereinafter defined) or (ii) any other corporation (whether or not itself an Interested Stockholder), which, after such merger or consolidation, would be an Affiliate (as hereinafter defined) of an Interested Stockholder, or

(B) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of related transactions) to or with any Interested Stockholder or any Affiliate of any Interested Stockholder of any assets of the Corporation or any Subsidiary having an aggregate fair market value of \$1,000,000 or more, or

(C) the issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of related transactions) of any securities of the Corporation or any Subsidiary to any Interested Stockholder or any Affiliate of any Interested Stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate fair market value of \$1,000,000 or more, or

(D) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation, or

(E) any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries or any similar transaction (whether or not with or into or otherwise involving an Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary which is directly or indirectly owned by any Interested Stockholder, or any Affiliate of any Interested Stockholder,

shall require the affirmative vote of the holders of at least two-thirds of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, considered for the purpose of this Article Fifteenth as one class ("Voting Shares"). Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that some lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

(2) The term "business combination" as used in this Article Fifteenth shall mean any transaction which is referred to in any one or more of clauses (A) through (E) of paragraph 1 of the section (a).

(b) The provisions of section (a) of this Article Fifteenth shall not be applicable to any particular business combination and such business combination shall require only such affirmative vote as is required by law and any other provisions of the Charter or Act of Incorporation or By-Laws if such business combination has been approved by a majority of the whole Board.

(c) For the purposes of this Article Fifteenth:

(1) A "person" shall mean any individual, firm, corporation or other entity.

(2) "Interested Stockholder" shall mean, in respect of any business combination, any person (other than the Corporation or any Subsidiary) who or which as of the record date for the determination of stockholders entitled to notice of and to vote on such business combination, or immediately prior to the consummation of any such transaction:

(A) is the beneficial owner, directly or indirectly, of more than 10% of the Voting Shares, or

(B) is an Affiliate of the Corporation and at any time within

two years prior thereto was the beneficial owner, directly or indirectly, of not less than 10% of the then outstanding voting Shares, or

(C) is an assignee of or has otherwise succeeded in any share of capital stock of the Corporation which were at any time within two years prior thereto beneficially owned by any Interested Stockholder, and such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

(3) A person shall be the "beneficial owner" of any Voting Shares:

(A) which such person or any of its Affiliates and Associates (as hereafter defined) beneficially own, directly or indirectly, or

(B) which such person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (ii) the right to vote pursuant to any agreement, arrangement or understanding, or

(C) which are beneficially owned, directly or indirectly, by any other person with which such first mentioned person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of capital stock of the Corporation.

(4) The outstanding Voting Shares shall include shares deemed owned through application of paragraph (3) above but shall not include any other Voting Shares which may be issuable pursuant to any agreement, or upon exercise of conversion rights, warrants or options or otherwise.

(5) "Affiliate" and "Associate" shall have the respective meanings given those terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on December 31, 1981.

(6) "Subsidiary" shall mean any corporation of which a majority of any class of equity security (as defined in Rule 3a11-1 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on December 31, 1981) is owned, directly or indirectly, by the Corporation; provided, however, that for the purposes of the definition of Investment Stockholder set forth in paragraph (2) of this section (c), the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

(d) majority of the directors shall have the power and duty to determine for the purposes of this Article Fifteenth on the basis of information known to them, (1) the number of Voting Shares beneficially owned by any person (2) whether a person is an Affiliate or Associate of another, (3) whether a person has an agreement, arrangement or understanding with another as to the matters referred to in paragraph (3) of section (c), or (4) whether the assets subject to any business combination or the consideration received for the issuance or transfer of securities by the Corporation, or any Subsidiary has an aggregate fair market value of \$1,000,000 or more.

(e) Nothing contained in this Article Fifteenth shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

Sixteenth: Notwithstanding any other provision of this Charter or Act of Incorporation or the By-Laws of the Corporation (and in addition to any other vote that may be required by law, this Charter or Act of Incorporation by the By-Laws), the affirmative vote of the holders of at least two-thirds of the outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) shall be required to amend, alter or repeal any provision of Articles Fifth, Thirteenth, Fifteenth or Sixteenth of this Charter or Act of Incorporation.

Seventeenth: (a) a Director of this Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director, except to the extent such exemption from liability or limitation thereof is not permitted under the Delaware General Corporation Laws as the same exists or may hereafter be amended.

(b) Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a Director of the Corporation existing hereunder with respect to any act or omission occurring prior to the time of such repeal or modification."

EXHIBIT B

BY-LAWS

WILMINGTON TRUST COMPANY

WILMINGTON, DELAWARE

As existing on February 20, 2000

BY-LAWS OF WILMINGTON TRUST COMPANY

ARTICLE I
Stockholders' Meetings

Section 1. The Annual Meeting of Stockholders shall be held on the third Thursday in April each year at the principal office at the Company or at such other date, time, or place as may be designated by resolution by the Board of Directors.

Section 2. Special meetings of all stockholders may be called at any time by the Board of Directors, the Chairman of the Board or the President.

Section 3. Notice of all meetings of the stockholders shall be given by mailing to each stockholder at least ten (10) days before said meeting, at his last known address, a written or printed notice fixing the time and place of such meeting.

Section 4. A majority in the amount of the capital stock of the Company issued and outstanding on the record date, as herein determined, shall constitute a quorum at all meetings of stockholders for the transaction of any business, but the holders of a small number of shares may adjourn, from time to time, without further notice, until a quorum is secured. At each annual or special meeting of stockholders, each stockholder shall be entitled to one vote, either in person or by proxy, for each share of stock registered in the stockholder's name on the books of the Company on the record date for any such meeting as determined herein.

ARTICLE II
Directors

Section 1. The authorized number of directors that shall constitute the Board of Directors shall be fixed from time to time by or pursuant to a resolution passed by a majority of the Board within the parameters set by the Charter of the Bank. No more than two directors may also be employees of the Company or any affiliate thereof.

Section 2. Except as provided in these Bylaws or as otherwise required by law, there shall be no qualifications for election or service as directors of the Company. In addition to any other provisions of these Bylaws, to be qualified for nomination for Election or appointment to the Board of Directors each person must have not attained the age of sixty-nine years at the time of such election or appointment, provided however, the Nominating and Corporate Governance Committee may waive such qualification as to a particular candidate otherwise qualified to serve as a director upon a good faith determination by such committee that such a waiver is in the best interests of the Company and its stockholders. The Chairman of the Board of Directors shall not be qualified to continue to serve as a director upon the termination of his or her services in that office for any reason.

Section 3. The class of Directors so elected shall hold office for three years or until their successors are elected and qualified.

Section 4. The affairs and business of the Company shall be managed and conducted by the Board of Directors.

Section 5. The Board of Directors shall meet at the principal office of the Company or elsewhere in its discretion at such times to be determined by a majority of its members, or at the call of the Chairman of the Board of Directors or the President.

Section 6. Special meetings of the Board of Directors may be called at any time by the Chairman of the Board of Directors or by the President, and shall be called upon the written request of a majority of the directors.

Section 7. A majority of the directors elected and qualified shall be necessary to constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 8. Written notice shall be sent by mail to each director of any special meeting of the Board of Directors, and of any change in the time or place of any regular meeting, stating the time and place of such meeting, which shall be mailed not less than two days before the time of holding such meeting.

Section 9. In the event of the death, resignation, removal, inability to act, or disqualification of any director, the Board of Directors, although less than a quorum, shall have the right to elect the successor who shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred, and until such director's successor shall have been duly elected and qualified.

Section 10. The Board of Directors at its first meeting after its election by the stockholders shall appoint an Executive Committee, a Trust Committee, an Audit Committee and a Compensation Committee, and shall elect from its own members a Chairman of the Board of Directors and a President who may be the same person. The Board of Directors shall also elect at such meeting a Secretary and a Treasurer, who may be the same person, may appoint at any time such other committees and elect or appoint such other officers as it may deem advisable. The Board of Directors may also elect at such meeting one or more Associate Directors.

Section 11. The Board of Directors may at any time remove, with or without cause, any member of any Committee appointed by it or any associate director or officer elected by it and may appoint or elect his successor.

Section 12. The Board of Directors may designate an officer to be in charge of such of the departments or divisions of the Company as it may deem advisable.

ARTICLE III Committees

Section 1. Executive Committee

(A) The Executive Committee shall be composed of not more than nine members who shall be selected by the Board of Directors from its own members and who shall hold office during the pleasure of the Board.

(B) The Executive Committee shall have all the powers of the Board of Directors when it is not in session to transact all business for and in behalf of the Company that may be brought before it.

(C) The Executive Committee shall meet at the principal office of the Company or elsewhere in its discretion at such times to be determined by a majority of its members, or at the call of the Chairman of the Executive Committee or at the call of the Chairman of the Board of Directors. The majority of its members shall be necessary to constitute a quorum for the transaction of business. Special meetings of the Executive Committee may be held at any time when a quorum is present.

(D) Minutes of each meeting of the Executive Committee shall be kept and submitted to the Board of Directors at its next meeting.

(E) The Executive Committee shall advise and superintend all investments that may be made of the funds of the Company, and shall direct the disposal of the same, in accordance with such rules and regulations as the Board of Directors from time to time make.

(F) In the event of a state of disaster of sufficient severity to prevent the conduct and management of the affairs and business of the Company by its directors and officers as contemplated by these By-Laws any two available members of the Executive Committee as constituted immediately prior to such disaster shall constitute a quorum of that Committee for the full conduct and management of the affairs and business of the Company in accordance with the provisions of Article III of these By-Laws; and if less than three members of the Trust Committee is constituted immediately prior to such disaster shall be available for the transaction of its business, such Executive Committee shall also be empowered to exercise all of the powers reserved to the Trust Committee under Article III Section 2 hereof. In the event of the unavailability, at such time, of a minimum of two members of such Executive Committee, any three available directors shall constitute the Executive Committee for the full conduct and management of the affairs and business of the Company in accordance with the foregoing provisions of this Section. This By-Law shall be subject to implementation by Resolutions of the Board of Directors presently existing or hereafter passed from time to time for that purpose, and any provisions of these By-Laws (other than this Section) and any resolutions which are contrary to the provisions of this Section or to the provisions of any such implementary Resolutions shall be suspended during such a disaster period until it shall be determined by any interim Executive Committee acting under this section that it shall be to the advantage of the Company to resume the conduct and management of its affairs and business under all of the other provisions of these By-Laws.

Section 2. Audit Committee

(A) The Audit Committee shall be composed of five members who shall be selected by the Board of Directors from its own members, none of whom shall be an officer of the Company, and shall hold office at the pleasure of the Board.

(B) The Audit Committee shall have general supervision over the Audit Division in all matters however subject to the approval of the Board of Directors; it shall consider all matters brought to its attention by the officer in charge of the Audit Division, review all reports of examination of the Company made by any governmental agency or such independent auditor employed for that purpose, and make such recommendations to the Board of Directors with respect thereto or with respect to any other matters pertaining to auditing the Company as it shall deem desirable.

(C) The Audit Committee shall meet whenever and wherever the majority of its members shall deem it to be proper for the transaction of its business, and a majority of its Committee shall constitute a quorum.

Section 3. Compensation Committee

(A) The Compensation Committee shall be composed of not more than five (5) members who shall be selected by the Board of Directors from its own members who are not officers of the Company and who shall hold office during

the pleasure of the Board.

(B) The Compensation Committee shall in general advise upon all matters of policy concerning the Company brought to its attention by the management and from time to time review the management of the Company, major organizational matters, including salaries and employee benefits and specifically shall administer the Executive Incentive Compensation Plan.

(C) Meetings of the Compensation Committee may be called at any time by the Chairman of the Compensation Committee, the Chairman of the Board of Directors, or the President of the Company.

Section 4. Associate Directors

(A) Any person who has served as a director may be elected by the Board of Directors as an associate director, to serve during the pleasure of the Board.

(B) An associate director shall be entitled to attend all directors meetings and participate in the discussion of all matters brought to the Board, with the exception that he would have no right to vote. An associate director will be eligible for appointment to Committees of the Company, with the exception of the Executive Committee, Audit Committee and Compensation Committee, which must be comprised solely of active directors.

Section 5. Absence or Disqualification of Any Member of a Committee

(A) In the absence or disqualification of any member of any Committee created under Article III of the By-Laws of this Company, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

ARTICLE IV Officers

Section 1. The Chairman of the Board of Directors shall preside at all meetings of the Board and shall have such further authority and powers and shall perform such duties as the Board of Directors may from time to time confer and direct. He shall also exercise such powers and perform such duties as may from time to time be agreed upon between himself and the President of the Company.

Section 2. The Vice Chairman of the Board. The Vice Chairman of the Board of Directors shall preside at all meetings of the Board of Directors at which the Chairman of the Board shall not be present and shall have such further authority and powers and shall perform such duties as the Board of Directors or the Chairman of the Board may from time to time confer and direct.

Section 3. The President shall have the powers and duties pertaining to the office of the President conferred or imposed upon him by statute or assigned to him by the Board of Directors. In the absence of the Chairman of the Board the President shall have the powers and duties of the Chairman of the Board.

Section 4. The Chairman of the Board of Directors or the President as designated by the Board of Directors, shall carry into effect all legal directions of the Executive Committee and of the Board of Directors, and shall at all times exercise general supervision over the interest, affairs and operations of the Company and perform all duties incident to his office.

Section 5. There may be one or more Vice Presidents, however denominated by the Board of Directors, who may at any time perform all the duties of the Chairman of the Board of Directors and/or the President and such other powers and duties as may from time to time be assigned to them by the Board of Directors, the Executive Committee, the Chairman of the Board or the President and by the officer in charge of the department or division to which they are assigned.

Section 6. The Secretary shall attend to the giving of notice of meetings of the stockholders and the Board of Directors, as well as the Committees thereof, to the keeping of accurate minutes of all such meetings and to recording the same in the minute books of the Company. In addition to the other notice requirements of these By-Laws and as may be practicable under the circumstances, all such notices shall be in writing and mailed well in advance of the scheduled date of any other meeting. He shall have custody of the corporate seal and shall affix the same to any documents requiring such corporate seal and to attest the same.

Section 7. The Treasurer shall have general supervision over all assets and liabilities of the Company. He shall be custodian of and responsible for all monies, funds and valuables of the Company and for the keeping of proper records of the evidence of property or indebtedness and of all the transactions of the Company. He shall have general supervision of the expenditures of the Company and shall report to the Board of Directors at each regular meeting of the condition of the Company, and perform such other duties as may be assigned to him from time to time by the Board of Directors of the Executive Committee.

Section 8. There may be a Controller who shall exercise general supervision over the internal operations of the Company, including accounting, and shall render to the Board of Directors at appropriate times a report relating to the general condition and internal operations of the Company.

There may be one or more subordinate accounting or controller officers however denominated, who may perform the duties of the Controller and such duties as may be prescribed by the Controller.

Section 9. The officer designated by the Board of Directors to be in

charge of the Audit Division of the Company with such title as the Board of Directors shall prescribe, shall report to and be directly responsible only to the Board of Directors.

There shall be an Auditor and there may be one or more Audit Officers, however denominated, who may perform all the duties of the Auditor and such duties as may be prescribed by the officer in charge of the Audit Division.

Section 10. There may be one or more officers, subordinate in rank to all Vice Presidents with such functional titles as shall be determined from time to time by the Board of Directors, who shall ex officio hold the office Assistant Secretary of this Company and who may perform such duties as may be prescribed by the officer in charge of the department or division to whom they are assigned.

Section 11. The powers and duties of all other officers of the Company shall be those usually pertaining to their respective offices, subject to the direction of the Board of Directors, the Executive Committee, Chairman of the Board of Directors or the President and the officer in charge of the department or division to which they are assigned.

ARTICLE V Stock and Stock Certificates

Section 1. Shares of stock shall be transferable on the books of the Company and a transfer book shall be kept in which all transfers of stock shall be recorded.

Section 2. Certificates of stock shall bear the signature of the President or any Vice President, however denominated by the Board of Directors and countersigned by the Secretary or Treasurer or an Assistant Secretary, and the seal of the corporation shall be engraved thereon. Each certificate shall recite that the stock represented thereby is transferable only upon the books of the Company by the holder thereof or his attorney, upon surrender of the certificate properly endorsed. Any certificate of stock surrendered to the Company shall be cancelled at the time of transfer, and before a new certificate or certificates shall be issued in lieu thereof. Duplicate certificates of stock shall be issued only upon giving such security as may be satisfactory to the Board of Directors or the Executive Committee.

Section 3. The Board of Directors of the Company is authorized to fix in advance a record date for the determination of the stockholders entitled to notice of, and to vote at, any meeting of stockholders and any adjournment thereof, or entitled to receive payment of any dividend, or to any allotment or rights, or to exercise any rights in respect of any change, conversion or exchange of capital stock, or in connection with obtaining the consent of stockholders for any purpose, which record date shall not be more than 60 nor less than 10 days proceeding the date of any meeting of stockholders or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent.

ARTICLE VI Seal

Section 1. The corporate seal of the Company shall be in the following form:

Between two concentric circles the words
"Wilmington Trust Company" within the inner
circle the words "Wilmington, Delaware."

ARTICLE VII Fiscal Year

Section 1. The fiscal year of the Company shall be the calendar year.

ARTICLE VIII Execution of Instruments of the Company

Section 1. The Chairman of the Board, the President or any Vice President, however denominated by the Board of Directors, shall have full power and authority to enter into, make, sign, execute, acknowledge and/or deliver and the Secretary or any Assistant Secretary shall have full power and authority to attest and affix the corporate seal of the Company to any and all deeds, conveyances, assignments, releases, contracts, agreements, bonds, notes, mortgages and all other instruments incident to the business of this Company or in acting as executor, administrator, guardian, trustee, agent or in any other fiduciary or representative capacity by any and every method of appointment or by whatever person, corporation, court officer or authority in the State of Delaware, or elsewhere, without any specific authority, ratification, approval or confirmation by the Board of Directors or the Executive Committee, and any and all such instruments shall have the same force and validity as though expressly authorized by the Board of Directors and/or the Executive Committee.

ARTICLE IX Compensation of Directors and Members of Committees

Section 1. Directors and associate directors of the Company, other than salaried officers of the Company, shall be paid such reasonable honoraria or fees for attending meetings of the Board of Directors as the Board of Directors may from time to time determine. Directors and associate directors who serve as members of committees, other than salaried employees of the Company, shall be

paid such reasonable honoraria or fees for services as members of committees as the Board of Directors shall from time to time determine and directors and associate directors may be employed by the Company for such special services as the Board of Directors may from time to time determine and shall be paid for such special services so performed reasonable compensation as may be determined by the Board of Directors.

ARTICLE X Indemnification

Section 1. (A) The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding") by reason of the fact that he, or a person for whom he is the legal representative, is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee, fiduciary or agent of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses reasonably incurred by such person. The Corporation shall indemnify a person in connection with a proceeding initiated by such person only if the proceeding was authorized by the Board of Directors of the Corporation.

(B) The Corporation shall pay the expenses incurred in defending any proceeding in advance of its final disposition, provided, however, that the payment of expenses incurred by a Director or officer in his capacity as a Director or officer in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Director or officer to repay all amounts advanced if it should be ultimately determined that the Director or officer is not entitled to be indemnified under this Article or otherwise.

(C) If a claim for indemnification or payment of expenses, under this Article X is not paid in full within ninety days after a written claim therefor has been received by the Corporation the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

(D) The rights conferred on any person by this Article X shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Charter or Act of Incorporation, these By-Laws, agreement, vote of stockholders or disinterested Directors or otherwise.

(E) Any repeal or modification of the foregoing provisions of this Article X shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

ARTICLE XI Amendments to the By-Laws

Section 1. These By-Laws may be altered, amended or repealed, in whole or in part, and any new By-Law or By-Laws adopted at any regular or special meeting of the Board of Directors by a vote of the majority of all the members of the Board of Directors then in office.

EXHIBIT C

Section 321(b) Consent

Pursuant to Section 321(b) of the Trust Indenture Act of 1939, as amended, Wilmington Trust Company hereby consents that reports of examinations by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon requests therefor.

WILMINGTON TRUST COMPANY

Dated: February 7, 2001

By: /s/ Bruce L. Bisson

Name: Bruce L. Bisson

Title: Vice President

EXHIBIT D

NOTICE

This form is intended to assist state nonmember banks and savings banks with state publication requirements. It has not been approved by any state banking authorities. Refer to your appropriate state banking authorities for your state publication requirements.

R E P O R T O F C O N D I T I O N

Consolidating domestic subsidiaries of the

----- WILMINGTON TRUST COMPANY of WILMINGTON -----
Name of Bank City

in the State of DELAWARE, at the close of business on September 30, 2000.

ASSETS Thousands of dollars
Cash and balances due from depository institutions:
Noninterest-bearing balances and currency and coins.....173,106
Interest-bearing balances.....0
Held-to-maturity securities.....21,442
Available-for-sale securities.....1,408,123
Federal funds sold and securities purchased under agreements to resell...482,197
Loans and lease financing receivables:
Loans and leases, net of unearned income. 4,325,225
LESS: Allowance for loan and lease losses 69,894
LESS: Allocated transfer risk reserve 0
Loans and leases, net of unearned income, allowance,
and reserve.....4,755,331
Assets held in trading accounts.....0
Premises and fixed assets (including capitalized leases).....121,675
Other real estate owned.....597
Investments in unconsolidated subsidiaries and associated companies.....1,636
Customers' liability to this bank on acceptances outstanding.....0
Intangible assets.....4,820
Other assets.....65,791
Total assets.....7,034,718

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LIABILITIES

Deposits:

In domestic offices.....	5,331,872
Noninterest-bearing	1,111,039
Interest-bearing.	4,220,833
Federal funds purchased and Securities sold under agreements to repurchase.....	397,628
Demand notes issued to the U.S. Treasury.....	70,227
Trading liabilities (from Schedule RC-D).....	0
Other borrowed money:.....	////////
With original maturity of one year or less.....	675,000
With original maturity of more than one year.....	43,000
Bank's liability on acceptances executed and outstanding.....	0
Subordinated notes and debentures.....	0
Other liabilities (from Schedule RC-G).....	66,073
Total liabilities.....	6,583,800

EQUITY CAPITAL

Perpetual preferred stock and related surplus.....	0
Common Stock.....	500
Surplus (exclude all surplus related to preferred stock).....	62,118
Undivided profits and capital reserves.....	410,136
Net unrealized holding gains (losses) on available-for-sale securities.....	(21,836)
Total equity capital.....	450,918
Total liabilities, limited-life preferred stock, and equity capital....	7,034,718