

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

Date of Report  
(Date of earliest event reported)

November 20, 1998

CONTINENTAL AIRLINES, INC.  
(Exact name of registrant as specified in its charter)

Delaware (State of incorporation)	0-09781 (Commission File Number)	74-2099724 (IRS Employer Identification No.)
--------------------------------------	-------------------------------------	--

1600 Smith Street, Dept. HQSEO Houston, Texas (Address of principal executive offices)	77002 (Zip Code)
--	---------------------

(713) 324-2950  
(Registrant's telephone number,  
including area code)

Item 5. Other Events.

(a) Pursuant to the terms of the Investment Agreement, dated as of January 25, 1998, as amended, among Northwest Airlines Corporation ("Northwest"), Newbridge Parent Corporation ("Newbridge"), Air Partners, L.P. ("Air Partners"), the partners of Air Partners and certain of its affiliates (the "Investment Agreement") and the Purchase Agreement dated as of March 2, 1998 (the "Barlow Agreement") among Northwest, Newbridge, Barlow Investors III, LLC ("Barlow") and the Guarantors that are signatory thereto, Northwest has acquired the outstanding interests in Air Partners and certain shares of the Class A Common Stock, par value \$.01 per share (the "Class A Common Shares"), of Continental Airlines, Inc. ("the "Company") held by certain affiliates of Air Partners and by Barlow, resulting in Northwest's beneficial ownership of 8,661,224 Class A Common Shares. In addition, Northwest has acquired beneficial ownership of 853,644 Class A Common Shares as a result of a limited proxy to vote those shares on certain "extraordinary transactions" (as defined in the Supplemental Agreement dated as of November 20, 1998 among the Company, Newbridge and Northwest (the "Supplemental Agreement")) granted to Northwest by certain partners and affiliates of Air Partners under the Investment Agreement.

(b) In conjunction with the closing of the transactions provided for in the Investment Agreement and the Barlow Agreement (the "Closing") and as required by the terms of the Governance

Agreement dated as of January 25, 1998 among the Company, Northwest and Newbridge (the "Original Governance Agreement"), as amended by the First Amendment to the Governance Agreement dated as of March 2, 1998 by and among the Company, Northwest and Newbridge (the "First Amendment" and the Original Governance Agreement as amended by the First Amendment, the "Governance Agreement"), effective on November 20, 1998, the Board of Directors of the Company declared a dividend of one preferred share purchase right (a "Right") for each outstanding Class A Common Share, each outstanding share of Class B Common Stock, par value \$.01 per share (the "Class B Common Shares"), and each outstanding share of Class D Common Stock, par value \$.01 per share (the "Class D Common Shares" and together with the Class A Common Shares and the Class B Common Shares, the "Common Shares"), of the Company. The dividend is payable on December 2, 1998 (the "Record Date") to the stockholders of record on that date. Each Right entitles the registered holder to purchase from the Company under certain conditions one one-thousandth of a share of Series A Junior Participating Preferred Stock, par value \$.01 per share (the "Preferred Shares"), of the Company, at a price of \$200 per one one-thousandth of a Preferred Share (the "Exercise Price"), subject to adjustment. The terms of the Rights are set forth in a Rights Agreement (the "Rights Agreement") between the Company and Harris Trust and Savings Bank, as Rights Agent (the "Rights Agent").

Until the earlier of (i) the tenth day following a public announcement or public disclosure of facts indicating that a person or group of affiliated or associated persons (an "Acquiring Person") has

-2-

acquired beneficial ownership of 15% or more of the total number of votes entitled to be cast generally by the holders of the Common Shares of the Company then outstanding, voting together as a single class (the "Voting Power") or (ii) the tenth business day (or such later date as may be determined by action of the Board of Directors prior to such time as any person becomes an Acquiring Person) following the commencement of, or announcement of an intention to make, a tender offer or exchange offer the consummation of which would result in any person becoming an Acquiring Person (the earlier of such dates being called the "Distribution Date"), the Rights will be evidenced, with respect to any of the Common Share certificates outstanding as of the Record Date, by such Common Share certificates with a copy of the Summary of Rights to Purchase Preferred Shares, attached as Exhibit C to the Rights Agreement (the "Summary of Rights"), attached thereto.

Certain "exempt persons" are excluded from the definition of Acquiring Person including: (i) the Company, (ii) any Subsidiary of the Company, (iii) any employee benefit plan of the Company or any Subsidiary of the Company, (iv) any entity holding Common Shares for or pursuant to the terms of any such employee benefit plan, (v) Air Partners and its Controlled Affiliates so long as (A) the general partner of Air Partners is either Newbridge or a Controlled Affiliate of Newbridge (including, without limitation Northwest) or a Person who is an Exempt Person under clause (ix) below and (B) a majority of the limited partnership interests of Air Partners are beneficially owned by Northwest or a Controlled Affiliate of Newbridge (including, without limitation, Northwest) or any Person who is an Exempt Person under clause (ix) below and (C) (1) until the earlier of the sixth anniversary of the Closing and such time as Northwest and its affiliates cease to beneficially own voting securities representing at least 10% of the Fully Diluted Voting Power (as defined in the Governance Agreement) (the "Governance Agreement Termination Time"), Air Partners does not acquire Beneficial Ownership of Common Shares other than as permitted by and in compliance with the terms of the Governance Agreement or, (2) at or after the Governance Agreement Termination Time while any

provision of the Supplemental Agreement remains in effect, Air Partners does not acquire any Common Shares other than in a transaction that is either (a) an Approved Purchase (as defined in the Rights Agreement), (b) otherwise approved by a majority of the "Independent Directors" (as defined in the Governance Agreement or the Supplemental Agreement as the case may be) or (c) a transaction that, if the Governance Agreement had been in effect, Northwest or Newbridge would have been permitted to take under Section 1.01(a) thereof, (vi) Northwest, Newbridge and any Controlled Affiliate of Northwest or Newbridge (A) prior to the Governance Agreement Termination Time, so long as they do not take any action prohibited by the Governance Agreement, and (B) at or after the Governance Agreement Termination Time, so long as they do not take any action prohibited by the Supplemental Agreement; provided, however, that in the case of either (A) or (B) in this clause (vi), no action taken by Northwest, Newbridge or any Controlled Affiliate of either of them shall be a violation of clause (vi) of the definition of exempt

-3-

person in the Rights Agreement until the Company shall have delivered to Newbridge notice of the violation and, if such violation is capable of being remedied, the Company's proposed remedy, in which case no violation shall have occurred for purposes of such clause (vi) unless the violation shall not have been remedied within 30 days following the Company's delivery to Newbridge of such notice, delivered in accordance with the Governance Agreement or the Supplemental Agreement (as the case may be), (vii) Northwest, Newbridge and any Controlled Affiliate of Northwest or Newbridge after the Governance Agreement Termination Time and while any provision of the Supplemental Agreement remains in effect so long as none of them acquires any Common Shares other than in a transaction that either (A) is an Approved Purchase, (B) is otherwise approved by a majority of the "Independent Directors" (as defined in the Governance Agreement or the Supplemental Agreement as the case may be), (C) results in the percentage of Fully Diluted Voting Power of the Common Shares beneficially owned by Northwest, Newbridge and their Controlled Affiliates not exceeding the highest percentage of Fully Diluted Voting Power of the Common Shares previously beneficially owned by them, including as "beneficially owned" for purposes of such calculation any Common Shares with respect to which Northwest, Newbridge or their Controlled Affiliates have been granted a proxy pursuant to the Investment Agreement, or (D) a transaction that, if the Governance Agreement had been in effect, Northwest or Newbridge would have been permitted to take under Section 1.01(a) thereof, (viii) David Bonderman, James Coulter or William S. Price, III, or any Person with respect to which one or more of them (A) directly or indirectly controls at least 50.1% of the voting power, (B) directly or indirectly controls at least 50.1% of the equity, or (C) directly or indirectly controls in a manner substantially similar to the control that the general partner of Air Partners has over Air Partners pursuant to and as provided in the "Partnership Agreement" (as defined in the Investment Agreement), which Persons described in clause (C) shall include 1998 CAI Partners, L.P., a Texas limited partnership, under its partnership agreement and ownership structure in effect on the date hereof (the "B/C/P Group"), (ix) any Person who, as a result of a transfer of (or an agreement to transfer) Common Shares by Northwest, Newbridge or any Controlled Affiliate of Northwest or Newbridge (which, if made prior to the Governance Agreement Termination Time, is made in accordance with the terms of the Governance Agreement or, if made on or after the Governance Agreement Termination Time, is made in accordance with the terms of the Supplemental Agreement), becomes the beneficial owner of Common Shares representing 15% or more of the Voting Power of the Common Shares of the Company then outstanding; provided that such Person shall not have acquired Beneficial Ownership of Common Shares in addition to those acquired from Newbridge or its Controlled Affiliates other than with the affirmative vote of two-thirds of the members of the Board of Directors voting on the

action (the "Required Board Vote"), and (x) any Person who, as a result of a transfer of (or an agreement to transfer) Common Shares by any member of the B/C/P Group at such time as Newbridge and its Controlled Affiliates beneficially own Common Shares representing less than 25% of the

-4-

Voting Power of the Company, becomes the beneficial owner of Common Shares representing 15% or more of the Voting Power of the Company then outstanding; provided that if Newbridge and its Controlled Affiliates beneficially own Common Shares representing less than 25% of the Voting Power of the Company pursuant to a Government Order (as defined in the Investment Agreement), the Voting Power represented by the Common Shares transferred by all members of the B/C/P Group in accordance with clause (x) of the definition of exempt person in the Rights Agreement shall not exceed the greater of (i) the Voting Power represented at the time of such transfer of the Common Shares beneficially owned by the B/C/P Group as of the date of this Agreement (as adjusted for any dividends, subdivisions, combinations, recapitalizations or similar conversions, exchanges or transformations of shares) and (ii) the Voting Power that Newbridge and its Controlled Affiliates are permitted to beneficially own under the Government Order (except that this proviso shall not apply if Newbridge and its Controlled Affiliates beneficially own Common Shares representing less than 7.5% of the Voting Power of the Company); and provided further that such Person shall not have acquired Beneficial Ownership of Common Shares in addition to those acquired from any member of the B/C/P Group other than with the Required Board Vote.

The Rights Agreement provides that, until the Distribution Date, the Rights will be transferred with and only with the Common Shares. Until the Distribution Date (or earlier redemption or expiration of the Rights), new Common Share certificates issued after the Record Date, upon transfer or new issuance of Common Shares, will contain a notation incorporating the Rights Agreement by reference. Until the Distribution Date (or earlier redemption or expiration of the Rights), the surrender for transfer of any certificates for Common Shares outstanding as of the Record Date, even without such notation or a copy of the Summary of Rights being attached thereto, will also constitute the transfer of the Rights associated with the Common Shares represented by such certificate. As soon as practicable following the Distribution Date, separate certificates evidencing the Rights ("Right Certificates") will be mailed to holders of record of the Common Shares as of the close of business on the Distribution Date and such separate Right Certificates alone will evidence the Rights.

The Rights are not exercisable until the Distribution Date. The Rights will expire on November 20, 2008 (the "Final Expiration Date"), unless the Final Expiration Date is extended or unless the Rights are earlier redeemed or exchanged by the Company, in each case, as described below.

The Exercise Price payable, and the number of Preferred Shares or other securities or property issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution: (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Preferred Shares; (ii) upon the grant to holders of the Preferred Shares of certain rights, options or warrants to subscribe for or purchase Preferred Shares (or shares having the same

-5-

rights, powers and preferences as the Preferred Shares) at a

price, or securities convertible into Preferred Shares (or shares having the same rights, powers and preferences as the Preferred Shares) with a conversion price, less than the then current market price of the Preferred Shares; or (iii) upon the distribution to holders of the Preferred Shares of evidences of indebtedness or assets (excluding regular periodic cash dividends or dividends payable in Preferred Shares) or of subscription rights or warrants (other than those referred to above).

The number of outstanding Rights and the number of one one-thousandths of a Preferred Share issuable upon exercise of each Right are also subject to adjustment in the event of a stock dividend on the Common Shares payable in Common Shares or subdivisions, consolidations or combinations of the Common Shares occurring, in any such case, after the date of the Rights Agreement and prior to the Distribution Date.

Preferred Shares purchasable upon exercise of the Rights will not be redeemable. The holders of Preferred Shares shall be entitled to receive when, as and if declared by the Board of Directors out of funds legally available for the purpose, a quarterly dividend payment in an amount per share, subject to adjustment, equal to 1000 times the aggregate per share amount of all cash dividends, and 1000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in Common Shares, declared on the Common Shares. In the event of liquidation, the holders of the Preferred Shares will be entitled to receive an aggregate amount per share, subject to adjustment, equal to 1000 times the aggregate payment made per Common Share. Each Preferred Share will have 1000 votes, voting together with the Common Shares. In the event of any merger, consolidation or other transaction in which Common Shares are exchanged, each Preferred Share will be entitled to receive 1000 times the amount received per Common Share. These rights are protected by customary antidilution provisions.

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 (x) the date of such event and (y) the Distribution Date acquired or beneficially owned by an Acquiring Person or an Associate or Affiliate (as such terms are defined in the Rights Agreement) of an Acquiring Person, such Rights shall become void, and any holder of such Rights shall thereafter have no right to exercise such Rights.

In the event that any person becomes an Acquiring Person, proper provision shall be made so that each holder of a Right, other than Rights beneficially owned by the Acquiring Person and its Affiliates and Associates (as defined in the Rights Agreement) (which Rights will thereafter be void), will thereafter have the right to receive, upon exercise thereof, that number of Class B Common Shares having a market value of two times the Exercise Price of the Right. If the Company does not have sufficient Class B Common Shares to satisfy

-6-

such obligation to issue Class B Common Shares, or if the Board of Directors so elects, the Company shall make adequate provision to substitute for such Class B Common Shares, upon payment of the applicable Exercise Price, an amount of cash, a reduction in the Exercise Price, Preferred Shares or other equity or debt securities of the Company, or other assets equivalent in value to the Class B Common Shares issuable upon exercise of a Right; provided that, if the Company shall not have made adequate provision to deliver value within 30 days following the date a person becomes an Acquiring Person, the Company must deliver, upon exercise of a Right, but without requiring payment of the Exercise Price then in effect, Class B Common Shares (to the extent available) and cash equal in value to the difference between the value of the Class B Common Shares otherwise issuable

upon the exercise of a Right and the Exercise Price then in effect. The Board of Directors may extend the 30-day period for up to an additional 60 days to permit the taking of action that may be necessary to authorize sufficient additional Class B Common Shares to permit the issuance of Class B Common Shares upon the exercise in full of the Rights.

In the event that, at any time after a person becomes an Acquiring Person, (i) the Company merges into any other person, (ii) any person merges into the Company and all of the outstanding Common Shares do not remain outstanding after such merger, or (iii) the Company sells 50% or more of its consolidated assets or earning power, proper provision will be made so that each holder of a Right will thereafter have the right to receive, upon the exercise thereof at the then current Exercise Price, in lieu of Preferred Shares for which a Right is then exercisable, that number of shares of common stock of the acquiring corporation (including the Company as successor thereto or as the surviving corporation) which at the time of such transaction will have a market value of two times the Exercise Price of the Right.

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, the 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 Class B Common Share per Right (subject to adjustment). The Company may, at its option, substitute Preferred Shares or common stock equivalents for Class B Common Shares, at the rate of one one-thousandth of a Preferred Share for each Class B Common Share (subject to adjustment). No fractional Class B Common Shares will be issued and in lieu thereof, an adjustment in cash will be made based on the market price of the Class B Common Shares on the last trading day prior to the date of exchange.

With certain exceptions, no adjustment in the Exercise Price will be required until cumulative adjustments require an adjustment of at least 1% in such Exercise Price. No fractional Preferred Shares will be issued (other than fractions which are integral multiples of one one-thousandth of a Preferred Share which may, at the election of the Company, be evidenced by depositary receipts) upon exercise of the Rights and in lieu thereof, an adjustment in cash will be made based on

-7-

the market price of the Preferred Shares on the last trading day prior to the date of exercise.

At any time prior to any person becoming an Acquiring Person, the Board of Directors, by the Required Board Vote, may redeem the Rights in whole, but not in part, at a price of \$.001 per Right (the "Redemption Price"). The redemption of the Rights may be made effective at such time, on such basis and subject to such conditions as the Board of Directors in its sole discretion may establish. Immediately upon any redemption of the Rights (or upon such later date as the Board of Directors shall specify in the resolution approving such 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 terms of the Rights may be amended by the Board of Directors, by the Required Board Vote, without the consent of the holders of the Rights, except that from and after such time as any person becomes an Acquiring Person no such amendment may adversely affect the interests of the holders of the Rights (other than the Acquiring Person and its Affiliates and Associates).

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company, including,

without limitation, the right to vote or to receive dividends.

A copy of the Rights Agreement has been filed with the Securities and Exchange Commission as an Exhibit to a Registration Statement on Form 8-A dated November 20, 1998. A copy of the Rights Agreement is available free of charge to holders of the Rights from the Company after receipt of a written request therefor. This summary description of the Rights does not purport to be complete and is qualified in its entirety by reference to the Rights Agreement, which is hereby incorporated herein by reference.

As long as the Rights are attached to the Common Shares, the Company will issue one Right with each new Common Share so that all such shares will have Rights attached. The Company's Board of Directors has reserved for issuance upon exercise of the Rights 100,000 Preferred Shares.

(c) In conjunction with the Closing, the Company, Newbridge and Northwest also entered into a Second Amendment to the Governance Agreement dated as of November 20, 1998 (the "Second Amendment") and the Supplemental Agreement. The Supplemental Agreement governs the period from the sixth anniversary of the Closing until the tenth anniversary of the Closing (the "Supplemental Period").

(d) The Second Amendment: (i) eliminates Northwest's right under the Original Governance Agreement to appoint a designee to the Company's Board of Directors; (ii) eliminates Northwest's right under the Original Governance Agreement to vote its Common Shares as recommended by the Company's Board of Directors with respect to all

-8-

matters submitted to stockholders, other than extraordinary transactions and the election of directors, thus requiring that it will vote its shares on those matters in proportion to the votes cast by other holders of voting securities, except, with respect to extraordinary transactions it can vote its shares in its discretion and, with respect to the election of directors, Northwest shall vote for the election of the Independent Directors nominated by the Board of Directors of the Company, provided that with respect to any election of directors in respect of which any person other than the Company is soliciting proxies, Northwest shall cause its Common Shares to be voted either as recommended by the Board or in the same proportion as votes cast by other holders of voting securities; (iii) permits Northwest and its directors, officers and employees to have periodic discussions with directors, officers and employees of the Company concerning the business of the Company, excluding any matters that, under applicable antitrust laws, could not be discussed among competitors; (iv) permits Northwest to transfer its Common Shares to the B/C/P Group; and (v) eliminates the provisions dealing with the Supplemental Period which are now addressed by the Supplemental Agreement.

(e) The Supplemental Agreement provides that during the Supplemental Period: (i) Northwest shall take all such actions as are necessary to cause the Company's Board of Directors to consist of a majority of Independent Directors (as defined in the Supplemental Agreement) subject to certain exceptions for proxy contests; (ii) Significant Actions (as defined in the Supplemental Agreement), any material transaction between the Company and Northwest or any of its affiliates, and any amendment or waiver of any provision of the Supplemental Agreement must be approved by a majority of the Company's Board of Directors, including a majority of Independent Directors; (iii) Northwest is permitted to vote 20% of the total voting power of the Company in its discretion but is required to vote the remainder of its shares in the same proportion as the votes cast by other holders of shares of capital stock of the Company entitled to vote, with

respect to all matters other than extraordinary transactions, in which latter case the Common Shares owned by Northwest may be voted in its discretion; (iv) if the Company redeems the rights issued under the Rights Agreement or amends the Rights Agreement to permit a third party to acquire beneficial ownership of voting securities in excess of the 15% limitation set forth in the Rights Agreement, Northwest may vote its Common Shares in its discretion; (v) Northwest is restricted from transferring its Common Shares to any transferee who together with its Affiliates and Associates (as defined in the Supplemental Agreement) would beneficially own in excess of 10% of the total voting power of the Company, provided that Northwest will not be restricted from transferring its Common Shares under certain circumstances including transfers to any of its controlled Affiliates; provided that such controlled Affiliate agrees in writing to be bound by the provisions of the Supplemental Agreement, transfers pursuant to any tender or exchange offer approved by the Company's Board of Directors; and transfers to the B/C/P Group; and (vi) the Company is obligated not to (A) issue Class A Common Shares and certain Class B Common Shares without giving Northwest

-9-

preemptive rights, (B) effect certain amendments to its charter or bylaws, (C) eliminate the right to convert Class A Common Shares to Class D Common Shares, (D) cause the Company to opt into Delaware's business combination statute, (E) adopt an interested stockholder provision, (F) effect certain amendments to the Rights Agreement, or (G) amend the authority of the Executive Committee of the Company's Board of Directors.

The Supplemental Agreement also provides that after the Supplemental Period and until such time as Northwest and its Affiliates cease to beneficially own voting securities representing at least 10% of the Fully Diluted Voting Power (as defined in the Supplemental Agreement) of the Company, the Company's Board of Directors shall include at least five independent directors and all material transactions between the Company and Northwest or any of its affiliates must be approved by a majority of such independent directors.

(f) Also in conjunction with the Closing and as required by the Governance Agreement: (i) the Company has adopted amendments to the Company's bylaws changing the board vote required to take certain actions and modifying certain provisions relating to the Executive Committee of the Board of Directors; (ii) the Company, Northwest, Newbridge, Air Partners and Wilmington Trust Company, as trustee, have entered into the Northwest Airlines/Air Partners Voting Trust Agreement dated as of November 20, 1998 and Northwest and Air Partners have deposited into the Northwest Airlines/Air Partners Voting Trust established by such agreement 8,661,224 shares of Class A Common Stock; and (iii) the Company, Air Partners and Northwest Airlines Corporation entered into an amendment dated as of November 20, 1998 to the Amended and Restated Registration Rights Agreement previously entered into between the Company and Air Partners.

-10-

Item 7. Financial Statements and Exhibits.

(c) Exhibits

4.1 Rights Agreement, dated as of November 20, 1998, between Continental Airlines, Inc. and Harris Trust and Savings Bank, which includes: as Exhibit A thereto, the Certificate of Designation of Series A Junior Participating Preferred Stock; as Exhibit B thereto, the Form of Right Certificate;



and as Exhibit C thereto, the Summary of Rights to Purchase Preferred Shares.

- 4.2 Certificate of Designation of Series A Junior Participating Preferred Stock, included as Exhibit A to Exhibit 4.1.
- 4.3 Form of Right Certificate, included as Exhibit B to Exhibit 4.1.
- 4.4 Summary of Rights to Purchase Preferred Shares, included as Exhibit C to Exhibit 4.1.
- 99.1 Press release, relating to adoption of Rights Agreement, dated November 20, 1998, issued by the Company.
- 99.2 Press release, relating to stock acquisition by Northwest Airlines, dated November 20, 1998, issued by the Company.
- 99.3 Amended and Restated By-Laws of the Company dated as of November 20, 1998.
- 99.4 Northwest Airlines/Air Partners Voting Trust Agreement dated as of November 20, 1998 among the Company, Northwest Airlines Corporation, Northwest Airlines Holdings Corporation, Air Partners, L.P. and Wilmington Trust Company, as Trustee.
- 99.5 Amendment dated as of November 20, 1998 to the Amended and Restated Registration Rights Agreement among the Company, Air Partners, L.P. and Northwest Airlines Corporation.
- 99.6 Second Amendment dated as of November 20, 1998 to the Governance Agreement among the Company, Newbridge Parent Corporation and Northwest Airlines Corporation.

-11-

- 99.7 Supplemental Agreement dated as of November 20, 1998 among the Company, Newbridge Parent Corporation and Northwest Airlines Corporation.

-12-

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

CONTINENTAL AIRLINES, INC.

By: /s/ Jeffery A. Smisek

-----  
Name: Jeffery A. Smisek  
Title: Executive Vice President,  
General Counsel and Secretary

EXHIBIT INDEX  
- - - - -

Exhibit - - - - -	Description - - - - -
4.1	Rights Agreement, dated as of November 20, 1998, between Continental Airlines, Inc. and Harris Trust and Savings Bank, which includes: as Exhibit A thereto, the Certificate of Designation of Series A Junior Participating Preferred Stock; as Exhibit B thereto, the Form of Right Certificate; and as Exhibit C thereto, the Summary of Rights to Purchase Preferred Shares.
4.2	Certificate of Designation of Series A Junior Participating Preferred Stock, included as Exhibit A to Exhibit 4.1.
4.3	Form of Right Certificate, included as Exhibit B to Exhibit 4.1.
4.4	Summary of Rights to Purchase Preferred Shares, included as Exhibit C to Exhibit 4.1.
99.1	Press release, relating to adoption of Rights Agreement, dated November 20, 1998, issued by the Company.
99.2	Press release, relating to stock acquisition by Northwest Airlines, dated November 20, 1998, issued by the Company.
99.3	Amended and Restated By-Laws of the Company dated as of November 20, 1998.
99.4	Northwest Airlines/Air Partners Voting Trust Agreement dated as of November 20, 1998 among the Company, Northwest Airlines Corporation, Northwest Airlines Holdings Corporation, Air Partners, L.P. and Wilmington Trust Company, as Trustee.
99.5	Amendment dated November 20, 1998 to the Amended and Restated Registration Rights Agreement among the Company, Air Partners, L.P. and Northwest Airlines Corporation.
99.6	Second Amendment dated as of November 20, 1998 to the Governance Agreement among the Company, Newbridge Parent Corporation and Northwest Airlines Corporation.

99.7	Supplemental Agreement dated as of November 20, 1998 among the Company, Newbridge Parent Corporation and Northwest Airlines Corporation.
------	--

CONTINENTAL AIRLINES, INC.

And

HARRIS TRUST AND SAVINGS BANK

Rights Agent

RIGHTS AGREEMENT

Dated as of November 20, 1998

RIGHTS AGREEMENT

This Rights Agreement dated as of November 20, 1998, between Continental Airlines, Inc., a Delaware corporation (the "Company"), and Harris Trust and Savings Bank (the "Rights Agent").

The Board of Directors of the Company has authorized and declared a dividend of one preferred share purchase right (a "Right") for each Common Share (as hereinafter defined) of the Company outstanding at the Close of Business on December 2, 1998 (the "Record Date"), each Right representing the right to purchase one one-thousandth of a Preferred Share (as hereinafter defined), or such different amount or kind of securities as is herein provided upon the terms and subject to the conditions herein set forth, and has further authorized and directed the issuance of one Right with respect to each additional Common Share that shall become outstanding between the Record Date and the earlier of the Distribution Date, the Redemption Date and the Final Expiration Date (as such terms are hereinafter defined).

Accordingly, in consideration of the premises and the mutual agreements herein set forth, the parties hereto hereby agree as follows:

Section 1. Certain Definitions. For purposes of this Agreement, the following terms have the meanings indicated:

"Acquiring Person" shall mean any Person who or which, together with all Affiliates and Associates of such Person, shall, after the Announcement Date, become the Beneficial Owner of Common Shares representing 15% or more of the Voting Power of the Common Shares of the Company then outstanding. Notwithstanding the foregoing, no Person shall become an Acquiring Person (1) if such Person is an Exempt Person (so long as such Person remains an Exempt Person), (2) as the result of (A) an acquisition of Common Shares by the Company or (B) the conversion of Class A Common Shares into Class B Common Shares which, by reducing the number or Voting Power of shares outstanding, increases the Voting Power of the shares beneficially owned by such Person to 15% or more of the Voting Power; provided, however, that if a Person shall so become the

Beneficial Owner of Common Shares representing 15% or more of the Voting Power of the Common Shares of the Company then outstanding by reason of the acquisition of Common Shares by the Company or the conversion of Class A Common Shares into Class B Common Shares and shall, after such share purchases by the Company or such conversion, purchase or otherwise take action to cause it to become the Beneficial Owner of Common Shares representing an

- 2 -

additional 1% of the Voting Power of the Common Shares of the Company then outstanding, then such Person shall be an Acquiring Person, or (3) if the Board of Directors determines in good faith that a Person who would otherwise be an Acquiring Person, as defined pursuant to the foregoing provisions of this paragraph, has become such inadvertently, and such Person divests as promptly as practicable a sufficient number of Common Shares so that such Person would no longer be an Acquiring Person, as defined pursuant to the foregoing provisions of this paragraph, then such Person shall not be an Acquiring Person for any purposes of this Agreement.

"Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act as in effect on the date of this Agreement.

"Air Partners" shall mean Air Partners, L.P., a Texas limited partnership.

"Announcement Date" shall mean November 20, 1998, the date on which the declaration of a dividend of one Right for each Common Share then outstanding was first announced publicly.

A Person shall be deemed the "Beneficial Owner" of and shall be deemed to "beneficially own" any securities:

- 3 -

(i) which such Person or any of such Person's Affiliates or Associates beneficially owns, directly or indirectly;

(ii) which such Person or any of such Person's Affiliates or Associates has (A) the right to acquire (whether such right is exercisable immediately or only after the passage of time or the satisfaction of one or more conditions) pursuant to any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities), written or otherwise, or upon the exercise of conversion rights, exchange rights, rights (other than the Rights), warrants or options, or otherwise; provided, however, that a Person shall not be the Beneficial Owner of, or beneficially own, securities tendered pursuant to a tender or exchange offer made pursuant to, and in accordance with, the applicable rules and regulations promulgated under the Exchange Act by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange; (B) the right to vote pursuant to any agreement, arrangement or understanding; provided, however, that a Person shall not be the Beneficial Owner of, or beneficially own, any security if the

- 4 -

agreement, arrangement or understanding to vote such security (1)

arises solely from a revocable proxy or consent given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations promulgated under the Exchange Act and (2) is not also then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report); or (C) "beneficial ownership" of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Exchange Act as in effect on the date of this Agreement); or

(iii) which are beneficially owned, directly or indirectly, by any other Person with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities), written or otherwise, for the purpose of acquiring, holding, voting (except to the extent contemplated by the proviso to section (B) of the immediately preceding paragraph (ii)) or disposing of any securities of the Company.

Notwithstanding anything in this definition of Beneficial Ownership to the contrary, the phrase "then

- 5 -

outstanding," when used with reference to a Person's Beneficial Ownership of securities of the Company, shall mean the number of such securities then issued and outstanding together with the number of such securities not then actually issued and outstanding which such Person would be deemed to own beneficially hereunder. "Approved Purchase" shall mean a tender offer or exchange offer made to all holders of Common Shares at or above the Purchase Price by Air Partners, NWA or Newbridge or any of its Controlled Affiliates (including, without limitation, Air Partners and NWA).

"Approved Purchase Procedures" shall mean the following procedures for establishing the Purchase Price:

(i) the Person proposing to purchase Common Shares (the "Proposed Purchaser") shall submit a notice to the Company setting forth the material terms and conditions of a tender offer or exchange offer by the Proposed Purchaser (or one of its Controlled Affiliates) pursuant to which it would propose to acquire some or all of the Common Shares not beneficially owned by it and its Affiliates (the "Purchase Proposal"). The Company shall promptly thereafter establish a committee of the Board of Directors (the "Special Committee") composed of only, and at least three (3), independent directors, which committee shall have the authority to consider, review, and negotiate the

- 6 -

terms of, and to make a recommendation to the full Board of Directors regarding, the Purchase Proposal, and to retain, at the Company's expense, counsel, financial advisors and other advisors, and to take such other actions customarily delegated to a committee of independent directors in similar circumstances. The Proposed Purchaser and the Special Committee shall negotiate in good faith and use their best efforts to agree upon, within fifteen (15) days after receipt of the Purchase Proposal, a price for the Common Shares in, and other terms of, a Purchase Transaction as to which the Special Committee can recommend the acceptance pursuant to Rule 14e-2(a) of the Exchange Act.

(ii) If the Proposed Purchaser and the Special Committee are unable to agree upon a price for the Common Shares as to which the Special Committee can recommend the acceptance

pursuant to Rule 14e-2(a) of the Exchange Act within thirty (30) days of receipt of the Purchase Proposal, on the thirty-third (33rd) day after receipt of the Purchase Proposal (the "Initiation Date"), the Company will designate an investment banking firm of recognized national standing (the "Company's Appraiser") and the Proposed Purchaser will designate an investment banking firm of recognized national standing (the "Proposed Purchaser's Appraiser"), in each case to determine the price per share of Common Shares that an unrelated third party

- 7 -

would pay if it were to acquire all outstanding shares of Common Shares (other than the shares held by the Proposed Purchaser and its Affiliates) in one or more arm's-length transactions, assuming that the Common Shares were being sold in a manner designed to attract all possible participants (such price, the "Merger Value"). Each of the investment banking firms referred to herein will be instructed to determine the Merger Value in this manner.

(iii) Within twenty (20) days after the Initiation Date, the Company's Appraiser and the Proposed Purchaser's Appraiser will each determine its initial view as to the Merger Value and consult with one another with respect thereto. By the thirtieth (30th) day after the Initiation Date, the Company's Appraiser and the Proposed Purchaser's Appraiser will each have determined its final view as to the Merger Value. At that point, if the Higher Appraised Amount (as defined below) is not more than 110% of the Lower Appraised Amount (as defined below), the Merger Value will be the average of those two views. Otherwise, the Company's Appraiser and the Proposed Purchaser's Appraiser will agree upon and jointly designate, by the thirty-fifth (35th) day after the Initiation Date, a third investment banking firm of recognized national standing (the "Mutually Designated Appraiser") to determine its view of the Merger Value. The Mutually Designated Appraiser will not be permitted

- 8 -

to see or otherwise have access to, or be informed of, the results of the appraisals of Merger Value by the Company's Appraiser and the Proposed Purchaser's Appraiser, or any component of either appraiser's analysis which led to its conclusions. The Mutually Designated Appraiser will, no later than the fiftieth (50th) day after the Initiation Date, determine the Merger Value (the "Mutually Appraised Amount"). The Merger Value will be (x) the Mutually Appraised Amount, if such amount falls within the range of values that is between the Lower Appraised Amount and the Higher Appraised Amount, (y) the Lower Appraised Amount if such amount is below the Lower Appraised Amount, and (z) the Higher Appraised Amount if such amount is above the Higher Appraised Amount.

As used herein, "Lower Appraised Amount" means the lower of the respective final views of the Company's Appraiser and the Proposed Purchaser's Appraiser as to the Merger Value and "Higher Appraised Amount" means the higher of such respective final views.

The Company and the Proposed Purchaser shall be responsible for the payment of fees and expenses to the respective investment banking firms designated by them, and shall each be responsible for 50% of the fees and expenses payable to the Mutually Designated Appraiser.

- 9 -

(iv) The Proposed Purchaser shall have one hundred twenty (120) days after the determination of the Merger Value as provided in clause (iii) above to purchase Common Shares at a price equal to or above the Purchase Price and on the other terms of its Purchase Proposal in a tender offer or exchange offer made to all holders of Common Shares and the purchase of Common Shares made within such one hundred twenty (120) day period and pursuant to such an offer shall be an Approved Purchase for purposes of this Agreement.

"B/C/P Group" means David Bonderman, James Coulter or William S. Price, III, or any Person with respect to which one or more of them (i) directly or indirectly controls at least 50.1% of the voting power, (ii) directly or indirectly controls at least 50.1% of the equity, or (iii) directly or indirectly controls in a manner substantially similar to the control that the general partner of Air Partners has over Air Partners pursuant to and as provided in the "Partnership Agreement" (as defined in the Investment Agreement), which Persons described in clause (iii) shall include 1998 CAI Partners, L.P., a Texas limited partnership, under its partnership agreement and ownership structure in effect on the date hereof.

"Board of Directors" means the board of directors of the Company.

"Business Day" shall mean any day other than a Saturday, Sunday, holiday or a day on which banking institutions in the City

- 10 -

of Houston or the State of Illinois are authorized or obligated by law or executive order to close.

"Class A Common Shares" shall mean shares of the Class A Common Stock, par value \$.01 per share, of the Company.

"Class B Common Shares" shall mean shares of the Class B Common Stock, par value \$.01 per share, of the Company.

"Class D Common Shares" shall mean shares of the Class D Common Stock, par value \$.01 per share, of the Company.

"Close of Business" on any given date shall mean 5:00 p.m., central time, on such date; provided, however, that if such date is not a Business Day it shall mean 5:00 P.M., central time, on the next succeeding Business Day.

"Closing" shall mean the closing of the disposition of the partnership interests of Air Partners and the Common Shares and other securities of the Company to NWA and Newbridge under the Investment Agreement.

"Common Shares" when used with reference to the Company shall mean the Class A Common Shares, Class B Common Shares and Class D Common Shares. "Common Shares" when used with reference to any Person other than the Company (or, in the event of a transaction referred to in Section 13 hereof, if the Company is the surviving corporation or the successor when thereafter used

- 11 -

with reference to the Company) shall mean the capital stock (or equity interest) with the greatest voting power of such other

Person or, if such other Person is a Subsidiary of another Person, the Person or Persons which ultimately control such first-mentioned Person.

"common stock equivalents" shall have the meaning set forth in Section 11(a)(iii)(B)(3) hereof.

"Controlled Affiliate" shall mean, with respect to any Person, one or more of such Person's Affiliates that is directly or indirectly controlled by such Person and, with respect to NWA or Newbridge, shall include Air Partners after the Closing.

"Current Value" shall have the meaning set forth in Section 11(a)(iii)(A)(1) hereof.

"Distribution Date" shall have the meaning set forth in Section 3(a) hereof.

"equivalent preferred shares" shall have the meaning set forth in Section 11(b) hereof.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Exchange Ratio" shall have the meaning set forth in Section 24(a) hereof.

- 12 -

"Exempt Person" shall mean (i) the Company, (ii) any Subsidiary of the Company, (iii) any employee benefit plan of the Company or any Subsidiary of the Company, (iv) any entity holding Common Shares for or pursuant to the terms of any such employee benefit plan, (v) Air Partners and its Controlled Affiliates so long as (A) the general partner of Air Partners is either Newbridge or a Controlled Affiliate of Newbridge (including, without limitation, NWA) or a Person who is an Exempt Person under clause (ix) below and (B) a majority of the limited partnership interests of Air Partners are beneficially owned by NWA or a Controlled Affiliate of Newbridge (including, without limitation, NWA) or any Person who is an Exempt Person under clause (ix) below and (C) (1) until the Governance Agreement Termination Time, Air Partners does not acquire Beneficial Ownership of Common Shares other than as permitted by and in compliance with the terms of the Governance Agreement or, (2) at or after the Governance Agreement Termination Time while any provision of the Supplemental Agreement remains in effect, Air Partners does not acquire any Common Shares other than in a transaction that is either (a) an Approved Purchase, (b) otherwise approved by a majority of the "Independent Directors" (as defined in the Governance Agreement or the Supplemental Agreement as the case may be) or (c) a transaction that, if the Governance Agreement had been in effect, NWA or Newbridge would

- 13 -

have been permitted to take under Section 1.01(a) thereof, (vi) NWA, Newbridge and any Controlled Affiliate of NWA or Newbridge (A) prior to the Governance Agreement Termination Time, so long as they do not take any action prohibited by the Governance Agreement, and (B) at or after the Governance Agreement Termination Time, so long as they do not take any action prohibited by the Supplemental Agreement; provided, however, that in the case of either (A) or (B) in this clause (vi), no action taken by NWA, Newbridge or any Controlled Affiliate of either of them shall be a violation of this clause (vi) until the Company shall have delivered to Newbridge notice of the violation and, if such violation is capable of being remedied, the Company's proposed remedy, in which case no violation shall have occurred



for purposes of this clause (vi) unless the violation shall not have been remedied within 30 days following the Company's delivery to Newbridge of such notice, delivered in accordance with the Governance Agreement or the Supplemental Agreement (as the case may be), (vii) NWA, Newbridge and any Controlled Affiliate of NWA or Newbridge after the Governance Agreement Termination Time and while any provision of the Supplemental Agreement remains in effect so long as none of them acquires any Common Shares other than in a transaction that either (A) is an Approved Purchase, (B) is otherwise approved by a majority of the "Independent Directors" (as defined in the

- 14 -

Governance Agreement or the Supplemental Agreement as the case may be), (C) results in the percentage of Fully Diluted Voting Power of the Common Shares beneficially owned by NWA, Newbridge and their Controlled Affiliates not exceeding the highest percentage of Fully Diluted Voting Power of the Common Shares previously beneficially owned by them, including as "beneficially owned" for purposes of such calculation any Common Shares with respect to which NWA, Newbridge or their Controlled Affiliates have been granted a proxy pursuant to the Investment Agreement, or (D) a transaction that, if the Governance Agreement had been in effect, NWA or Newbridge would have been permitted to take under Section 1.01(a) thereof, (viii) the B/C/P Group, (ix) any Person who, as a result of a transfer of (or an agreement to transfer) Common Shares by NWA, Newbridge or any Controlled Affiliate of NWA or Newbridge (which, if made prior to the Governance Agreement Termination Time, is made in accordance with the terms of the Governance Agreement or, if made on or after the Government Agreement Termination Time, is made in accordance with the terms of the Supplemental Agreement), becomes the beneficial owner of Common Shares representing 15% or more of the Voting Power of the Common Shares of the Company then outstanding; provided that such Person shall not have acquired Beneficial Ownership of Common Shares in addition to those acquired from Newbridge or its

- 15 -

Controlled Affiliates other than with the Required Board Vote, and (x) any Person who, as a result of a transfer of (or an agreement to transfer) Common Shares by any member of the B/C/P Group at such time as Newbridge and its Controlled Affiliates beneficially own Common Shares representing less than 25% of the Voting Power of the Company, becomes the beneficial owner of Common Shares representing 15% or more of the Voting Power of the Company then outstanding; provided that if Newbridge and its Controlled Affiliates beneficially own Common Shares representing less than 25% of the Voting Power of the Company pursuant to a Government Order (as defined in the Investment Agreement), the Voting Power represented by the Common Shares transferred by all members of the B/C/P Group in accordance with this clause (x) shall not exceed the greater of (i) the Voting Power represented at the time of such transfer of the Common Shares beneficially owned by the B/C/P Group as of the date of this Agreement (as adjusted for any dividends, subdivisions, combinations, recapitalizations or similar conversions, exchanges or transformations of shares) and (ii) the Voting Power that Newbridge and its Controlled Affiliates are permitted to beneficially own under the Government Order (except that this proviso shall not apply if Newbridge and its Controlled Affiliates beneficially own Common Shares representing less than 7.5% of the Voting Power of the Company); and provided further that such Person shall not have acquired Beneficial Ownership of Common Shares in addition to those acquired from any member of the B/C/P Group other than with the Required Board Vote.

"Exercise Price" shall have the meaning set forth in Section 7(b).

"Final Expiration Date" shall mean November 20, 2008.

"Fully Diluted Voting Power" of any Person shall be calculated by dividing (i) the sum of (A) ten times the aggregate number of shares of Class A Common Shares beneficially owned by such Person (assuming exercise of all outstanding securities held by such Person that are convertible into or exercisable or exchangeable for shares of Class A Common Shares) and (B) the number of shares of Class B Common Shares beneficially owned by such Person (assuming exercise of all outstanding securities held by such Person that are convertible into or exercisable or exchangeable for shares of Class B Common Shares) by (ii) the sum of (A) ten times the aggregate number of outstanding shares of Class A Common Shares (assuming the exercise of all outstanding securities convertible

- 16 -

into or exercisable or exchangeable for shares of Class A Common Shares) and (B) the aggregate number of outstanding shares of Class B Common Shares (assuming the exercise of all outstanding securities convertible into or exercisable or exchangeable for shares of Class B Common Shares).

"Governance Agreement" shall mean the Governance Agreement dated as of January 25, 1998 by and between the Company, NWA and Newbridge, as amended by the First Amendment to the Governance Agreement dated as of March 2, 1998, the Second Amendment to the Governance Agreement dated as of November 20, 1998, and as it may be further amended from time to time after the date hereof in accordance with its terms.

"Governance Agreement Termination Time" shall mean the time of termination of the Governance Agreement.

"Investment Agreement" shall mean the Investment Agreement dated as of January 25, 1998 among NWA, Newbridge, Air Partners, the partners of Air Partners signatory thereto, Bonderman Family Limited Partnership, 1992 Air, Inc. and Air

- 17 -

Saipan, Inc. as amended by Amendment No. 1 dated February 27, 1998 and Amendment No. 2 dated as of the date hereof.

"Newbridge" shall mean Newbridge Parent Corporation, a Delaware corporation (whose name is expected to be changed after the Closing to Northwest Airlines Corporation).

"NWA" shall mean Northwest Airlines Corporation, a Delaware corporation (whose name is expected to be changed after the Closing to Northwest Airlines Holdings Corporation).

"Person" shall mean any individual, firm, corporation, partnership, limited partnership, limited liability partnership, business trust, limited liability company, unincorporated association or other entity, and shall include any successor (by merger or otherwise) of such entity. "Preferred Shares" shall mean the shares of Series A Junior Participating Preferred Stock, par value \$.01 per share, of the Company.

"Purchase Price" shall mean a price for each Common Share in an Approved Purchase as established by the Approved Purchase Procedures.

"Redemption Date" shall mean the date on which the Rights are redeemed as provided in Section 23 hereof.

"Redemption Price" shall mean \$.001 per Right, appropriately adjusted to reflect any stock split, stock dividend, or similar transaction occurring after the date hereof.

"Required Board Vote" shall mean approval of an action by the Board of Directors by the affirmative vote of two-thirds of the members of the Board of Directors voting on the action.

"Right Certificate" shall mean a certificate evidencing a Right in substantially the form of Exhibit B hereto.

"Section 11(a)(ii) Trigger Date" shall have the meaning set forth in Section 11(a)(iii) hereof.

"Section 13 Trigger Date" shall have the meaning set forth in Section 13 hereof.

"Shares Acquisition Date" shall mean the earlier of the date of (i) the public announcement by the Company or an Acquiring Person that an Acquiring Person has become such or (ii) the public disclosure of facts by the Company or an Acquiring Person indicating that an Acquiring Person has become such.

"Spread" shall have the meaning set forth in Section 11(a)(iii)(A) hereof.

"Subsidiary" of any Person shall mean any Person of which a majority of the voting power of the voting equity

securities or equity interest is owned, directly or indirectly, by such Person.

"Substitution Period" shall have the meaning set forth in Section 11(a)(iii) hereof.

"Summary of Rights" shall mean the Summary of Rights to Purchase Preferred Shares in substantially the form of Exhibit C hereto. "Supplemental Agreement" shall mean the Supplemental Agreement dated as of November 20, 1998 by and between the Company, NWA and Newbridge.

"Voting Power" shall mean the total number of votes entitled to be cast generally by the holders of the Common Shares of the Company then outstanding, voting together as a single class.

Section 2. Appointment of Rights Agent. The Company hereby appoints the Rights Agent to act as agent for the Company and the holders of the Rights (who, in accordance with Section 3 hereof, shall, prior to the Distribution Date, also be the holders of the Common Shares) in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint such co-Rights Agents, as it may deem necessary or desirable.

### Section 3. Issue of Right Certificates.

(a) Until the Close of Business on the earlier of (i) the tenth day after the Shares Acquisition Date or (ii) the tenth

Business Day (or such later date as may be determined by action of the Board of Directors prior to such time as any Person becomes an Acquiring Person) after the date of the commencement by any Person (other than an Exempt Person acting in compliance with the Governance Agreement, if applicable) of, or of the first public announcement of the intention of any Person (other than any of the Persons referred to in the preceding parenthetical) to commence (unless such Person publicly announces within five (5) Business Days that it no longer intends to commence), a tender or exchange offer the consummation of which could result in any Person becoming an Acquiring Person (such earlier date being herein referred to as the "Distribution Date"), (x) the Rights will be evidenced (subject to the provisions of Section 3(b) hereof) by the certificates for Common Shares registered in the names of the holders thereof (which certificates shall also be deemed to be Right Certificates other than for purposes of this Section 3 and any provision of this Agreement referring to the issuance or distribution of Right Certificates) and not by separate Right

- 21 -

Certificates, and (y) the Rights (and the right to receive Right Certificates) will be transferable only in connection with the transfer of Common Shares. As soon as practicable after the Distribution Date, the Company will prepare and execute, the Rights Agent will countersign, and the Company will send or cause to be sent (and the Rights Agent will, if requested, send at the expense of the Company) by first-class, insured, postage-prepaid mail (or such other method of delivery selected by the Company), to each record holder of Common Shares as of the Close of Business on the Distribution Date, at the address of such holder shown on the records of the Company, a Right Certificate evidencing one Right for each Common Share so held (subject to adjustment as provided in this Agreement). As of the Close of Business on the Distribution Date, the Rights will be evidenced solely by such Right Certificates.

(b) On the Record Date, or as soon as practicable thereafter, the Company will send a copy of the Summary of Rights by first-class, postage-prepaid mail (or such other method of delivery selected by the Company), to each record holder of Common Shares as of the Close of Business on the Record Date, at the address of such holder shown on the records of the Company. The Rights Agent will mail to any holder of the Right Certificates a copy of this Agreement without charge to the holder but at the

- 22 -

expense of the Company after receipt of a written request therefor. With respect to certificates for Common Shares outstanding as of the Record Date, until the Distribution Date, the Rights will be evidenced by such certificates registered in the names of the holders thereof. Until the Distribution Date (or the earlier of the Redemption Date or the Final Expiration Date), the surrender for transfer of any certificate for Common Shares outstanding on the Record Date, with or without a copy of the Summary of Rights attached thereto, shall also constitute the transfer of the Rights associated with the Common Shares evidenced thereby.

(c) Certificates for Common Shares which become outstanding (including, without limitation, reacquired Common Shares referred to in the last sentence of this paragraph (c)) after the Record Date but prior to the earliest of the Distribution Date, the Redemption Date or the Final Expiration Date shall have impressed on, printed on, written on or otherwise affixed to them substantially the following legend:

This certificate also evidences and entitles the holder hereof to certain rights (the "Rights") as set forth in the Rights Agreement between Continental Airlines, Inc. and Harris Trust and Savings Bank, dated as of November 20, 1998 as it may from time to time be amended or supplemented pursuant to its terms (the "Rights Agreement"), the terms

- 23 -

of which are hereby incorporated herein by reference. A copy of the Rights Agreement is on file at the principal executive offices of Continental Airlines, Inc. Under certain circumstances set forth in the Rights Agreement, such Rights will be evidenced by separate certificates and will no longer be evidenced by this certificate. Harris Trust and Savings Bank will mail to the holder of this certificate a copy of the Rights Agreement without charge after receipt of a written request therefor. Under certain circumstances, rights beneficially owned by any Person who becomes an Acquiring Person (as defined in the Rights Agreement) and certain other Persons shall become null and void.

With respect to such certificates containing the foregoing legend, until the Distribution Date, the Rights associated with the Common Shares represented by such certificates shall be evidenced by such certificates alone, and the surrender for transfer of any such certificate shall also constitute the transfer of the Rights associated with the Common Shares represented thereby. In the event that the Company purchases or acquires any Common Shares after the Record Date but prior to the Distribution Date, any Rights associated with such Common Shares shall be canceled and retired so that the Company shall not be entitled to exercise any Rights associated with the Common Shares that are no longer outstanding.

- 24 -

Section 4. Form of Right Certificates. The Right Certificates (and the forms of election to purchase Preferred Shares and of assignment to be printed on the reverse thereof) shall be substantially the same as Exhibit B hereto and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any applicable law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Rights may from time to time be listed, or to conform to usage. Subject to the other provisions of this Agreement, the Right Certificates shall entitle the holders thereof to purchase such number of one one-thousandths of a Preferred Share as shall be set forth therein at the Exercise Price, but the number of one one-thousandths of a Preferred Share and the Exercise Price shall be subject to adjustment as provided herein.

Section 5. Countersignature and Registration. The Right Certificates shall be executed on behalf of the Company by its Chairman of the Board, its Chief Executive Officer, its President, any of its Vice Presidents, or its Treasurer, either manually or by facsimile signature; shall have affixed thereto

the Company's seal or a facsimile thereof; and shall be attested by the Secretary or any Assistant Secretary of the Company, either manually or by facsimile signature. The Rights Agent shall countersign the Right Certificates, either manually or by facsimile signature, and the Right Certificate shall not be valid for any purpose unless so countersigned. In case any officer of the Company who shall have signed any of the Right Certificates shall cease to be such officer of the Company before countersignature by the Rights Agent and issuance and delivery by the Company, such Right Certificates may nonetheless be countersigned by the Rights Agent and issued and delivered by the Company with the same force and effect as though the person who signed such Right Certificates had not ceased to be such officer of the Company; and any Right Certificate may be signed on behalf of the Company by any person who, at the actual date of the execution of such Right Certificate, shall be a proper officer of the Company to sign such Right Certificate, although at the date of the execution of this Rights Agreement any such person was not such an officer.

Following the Distribution Date, the Rights Agent will keep or cause to be kept, at its principal office, books for registration of the transfer of the Right Certificates issued

hereunder. Such books shall show the names and addresses of the respective holders of the Right Certificates, the number of Rights evidenced on its face by each of the Right Certificates and the date of each of the Right Certificates.

Section 6. Transfer, Split Up, Combination and Exchange of Right Certificates; Mutilated, Destroyed, Lost or Stolen Right Certificates.

(a) Subject to the provisions of Section 14 hereof, at any time after the Close of Business on the Distribution Date, and at or prior to the earliest of the Redemption Date, the Close of Business on the Final Expiration Date, or the time at which the Rights are exchanged as provided in Section 24 hereof, any Right Certificate or Right Certificates (other than Right Certificates representing Rights that have become void pursuant to Section 11(a)(ii) hereof) may be transferred, split up, combined or exchanged for another Right Certificate or Right Certificates, entitling the registered holder to purchase a like number of one one-thousandths of a Preferred Share as the Right Certificate or Right Certificates surrendered then entitled such holder to purchase. Any registered holder desiring to transfer, split up, combine or exchange any Right Certificate or Right Certificates shall make such request in

writing delivered to the Rights Agent, and shall surrender the Right Certificate or Right Certificates to be transferred, split up, combined or exchanged at the principal office of the Rights Agent. Neither the Rights Agent nor the Company shall be obligated to take any action whatsoever with respect to the transfer of any such surrendered Right Certificate until the registered holder shall have completed and signed the certificate contained in the form of assignment on the reverse side of such Right Certificate and shall have provided such additional evidence of the identity of the Beneficial Owner (or former

Beneficial Owner) or Affiliates or Associates thereof as the Company shall reasonably request. Thereupon the Rights Agent shall countersign and deliver to the Person entitled thereto a Right Certificate or Right Certificates, as the case may be, as so requested. The Company may require payment of a sum sufficient for any tax or governmental charge that may be imposed in connection with any transfer, split up, combination or exchange of Right Certificates.

(b) Upon receipt by the Company and the Rights Agent of evidence reasonably satisfactory to them of the loss, theft, destruction or mutilation of a Right Certificate, and, in case of loss, theft or destruction, of indemnity or security

- 28 -

reasonably satisfactory to them, and, at the Company's or the Rights Agent's request, reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, and upon surrender to the Rights Agent and cancellation of the Right Certificate if mutilated, the Company will make and deliver a new Right Certificate of like tenor to the Rights Agent for delivery to the registered holder in lieu of the Right Certificate so lost, stolen, destroyed or mutilated.

Section 7. Exercise of Rights; Exercise Price; Expiration Date of Rights.

(a) The registered holder of any Right Certificate (other than a holder whose Rights have become void pursuant to Section 11(a)(ii) hereof) may exercise the Rights evidenced thereby in whole or in part at any time after the Distribution Date upon surrender of the Right Certificate, with the form of election to purchase on the reverse side thereof duly executed, to the Rights Agent at its principal office, together with payment of the Exercise Price for each one one-thousandth of a Preferred Share as to which the Rights are exercised, prior to the earliest of (i) the Close of Business on the Final Expiration Date, (ii) the time at which the right to exercise the Rights

- 29 -

terminates pursuant to Section 23 hereof, or (iii) the time at which such Rights are exchanged as provided in Section 24 hereof.

(b) The purchase price for each one one-thousandth of a Preferred Share to be purchased upon the exercise of a Right shall initially be Two Hundred Dollars (\$200) (the "Exercise Price"), shall be subject to adjustment from time to time as provided in Sections 11 and 13 hereof, and shall be payable in lawful money of the United States of America in accordance with paragraph (c) below.

(c) Upon receipt of a Right Certificate representing exercisable Rights, with the form of election to purchase and certificate duly executed, accompanied by payment of the Exercise Price for the number of one one-thousandths of a Preferred Share to be purchased and an amount equal to any applicable transfer tax required to be paid by the holder of such Right Certificate in accordance with Section 9 hereof by certified check, cashier's check or money order payable to the order of the Company, the Rights Agent shall thereupon promptly (i) (A) requisition from any transfer agent of the Preferred Shares certificates for the number of one one-thousandths of a Preferred Share to be purchased and the Company hereby irrevocably authorizes its transfer agent to comply with all such requests, or

(B) requisition from any depositary agent for the Preferred Shares depositary receipts representing such number of one one-thousandths of a Preferred Share as are to be purchased (in which case certificates for the Preferred Shares represented by such receipts shall be deposited by the transfer agent with the depositary agent) and the Company hereby directs the depositary agent to comply with such request, (ii) when appropriate, requisition from the Company the amount of cash to be paid in lieu of issuance of fractional Preferred Shares in accordance with Section 14 hereof, (iii) after receipt of such certificates or depositary receipts, cause the same to be delivered to or upon the order of the registered holder of such Right Certificate, registered in such name or names as may be designated by such holder and (iv) when appropriate, after receipt, deliver the cash described in clause (iii) above to or upon the order of the registered holder of such Right Certificate.

(d) In case the registered holder of any Right Certificate shall exercise less than all the Rights evidenced thereby, a new Right Certificate evidencing the unexercised Rights shall be issued by the Rights Agent to the registered holder of such Right Certificate or to his duly authorized assigns, subject to the provisions of Section 14 hereof.

(e) Notwithstanding anything in this Agreement to the contrary, neither the Rights Agent nor the Company shall be obligated to undertake any action with respect to a registered holder upon the occurrence of any purported exercise as set forth in this Section 7 unless such registered holder shall have (i) completed and signed the certificate following the form of election to purchase set forth on the reverse side of the Right Certificate surrendered for such exercise and (ii) provided such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) or Affiliates or Associates thereof as the Company shall reasonably request.

Section 8. Cancellation and Destruction of Right Certificates. All Right Certificates surrendered for the purpose of exercise, transfer, split up, combination or exchange shall, if surrendered to the Company or to any of its agents, be delivered to the Rights Agent for cancellation or in canceled form, or, if surrendered to the Rights Agent, shall be canceled by it, and no Right Certificates shall be issued in lieu thereof except as expressly permitted by the provisions of this Rights Agreement. The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall so cancel and retire, any other Right Certificate purchased or acquired by the Company

otherwise than upon the exercise thereof. The Rights Agent shall deliver all canceled Right Certificates to the Company, or shall, at the written request of the Company, destroy such canceled Right Certificates, and in such case shall deliver a certificate of destruction thereof to the Company.

Section 9. Status and Availability of Preferred Shares.

(a) The Company covenants and agrees that it will take all such action as may be necessary to ensure that all Preferred Shares delivered upon exercise of Rights shall, at the time of delivery of the certificates for such Preferred Shares



(subject to payment of the Exercise Price), be duly and validly authorized and issued and fully paid and non-assessable shares.

(b) The Company further covenants and agrees that it will pay when due and payable any and all federal and state transfer taxes and charges which may be payable in respect of the issuance or delivery of the Right Certificates or of any Preferred Shares upon the exercise of Rights. The Company shall not, however, be required to pay any transfer tax which may be payable in respect of any transfer or delivery of Right Certificates to a person other than, or the issuance or delivery of certificates or depositary receipts for the Preferred Shares in a name other than

- 33 -

that of, the registered holder of the Right Certificate evidencing Rights surrendered for exercise; or to issue or to deliver any certificates or depositary receipts for Preferred Shares upon the exercise of any Rights until any such tax shall have been paid (any such tax being payable by the holder of such Right Certificate at the time of surrender); or until it has been established to the Company's reasonable satisfaction that no such tax is due.

(c) The Company covenants and agrees that it will cause to be reserved and kept available, out of its authorized and unissued Preferred Shares or any Preferred Shares held in its treasury, the number of Preferred Shares that will be sufficient to permit the exercise in full of all outstanding Rights in accordance with Section 7 hereof.

Section 10. Preferred Shares Record Date. Each person in whose name any certificate for Preferred Shares is issued upon the exercise of Rights shall for all purposes have become the holder of record of the Preferred Shares represented thereby on, and such certificate shall be dated, the date upon which the Right Certificate evidencing such Rights was duly surrendered and payment of the Exercise Price (and any applicable transfer taxes) was made. Prior to the exercise of the Rights

- 34 -

evidenced thereby, the holder of a Right Certificate shall not be entitled to any rights of a holder of Preferred Shares for which the Rights shall be exercisable, including, without limitation, the right to vote, to receive dividends or other distributions or to exercise any preemptive rights, and shall not be entitled to receive any notice of any proceedings of the Company, except as provided herein.

Section 11. Adjustment of Exercise Price, Number of Shares or Number of Rights. The Exercise Price, the number of Preferred Shares covered by each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 11.

(a) (i) In the event the Company shall at any time after the date of this Agreement (A) declare a dividend on the Preferred Shares payable in Preferred Shares, (B) subdivide the outstanding Preferred Shares, (C) combine the outstanding Preferred Shares into a smaller number of Preferred Shares or (D) issue any shares of its capital stock in a reclassification of the Preferred Shares (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), except as otherwise provided in this Section 11(a), the Exercise Price in effect at

the time of the record date for such dividend or of the effective date of such subdivision, combination or reclassification, and the number and kind of shares of capital stock issuable on such date, shall be proportionately adjusted so that the holder of any Right exercised after such time shall be entitled to receive the aggregate number and kind of shares of capital stock which, if such Right had been exercised immediately prior to such date, he would have owned upon such exercise and been entitled to receive by virtue of such dividend, subdivision, combination or reclassification; provided, however, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company issuable upon exercise of one Right.

(ii) Subject to the following paragraph of this subparagraph (ii) and to Section 24 of this Agreement, in the event any Person shall become an Acquiring Person, each holder of a Right shall thereafter have a right to receive, upon exercise thereof at a price equal to the then current Exercise Price multiplied by the number of one one-thousandths of a Preferred Share for which a Right is then exercisable, in accordance with the terms of this Agreement and in lieu of such number of Preferred Shares for which a Right is then exercisable, such

number of Class B Common Shares as shall equal the result obtained by (x) multiplying the then current Exercise Price by the number of one one-thousandths of a Preferred Share for which a Right was or would have been exercisable (if the Rights had been exercisable) as of immediately prior to such Person becoming an Acquiring Person and dividing that product by (y) 50% of the then current per share market price of the Class B Common Shares (determined pursuant to Section 11(d) hereof) on the date such Person became an Acquiring Person. In the event that any Person shall become an Acquiring Person and the Rights shall then be outstanding, the Company shall not take any action that would eliminate or diminish the benefits intended to be afforded by the Rights.

From and after the occurrence of such an event, any Rights that are or were acquired or beneficially owned by such Acquiring Person (or any Associate or Affiliate of such Acquiring Person) on or after the earlier of (x) the date of such event and (y) the Distribution Date, shall be void and any holder of such Rights shall thereafter have no right to exercise such Rights under any provision of this Agreement. No Right Certificate shall be issued pursuant to Section 3 that represents Rights beneficially owned by an Acquiring Person whose Rights would be

void pursuant to the preceding sentence or any Associate, Affiliate or transferee thereof; no Right Certificate shall be issued at any time upon the transfer of any Rights to an Acquiring Person whose Rights would be void pursuant to the preceding sentence or any Associate or Affiliate thereof or to any nominee of such Acquiring Person, Associate or Affiliate; and any Right Certificate delivered to the Rights Agent for transfer to an Acquiring Person whose Rights would be void pursuant to the preceding sentence or any Associate or Affiliate thereof shall be canceled.

(iii) In the event that the number of Class B Common Shares which are authorized by the Company's amended and

restated certificate of incorporation and not outstanding or subscribed for, or reserved or otherwise committed for issuance for purposes other than upon exercise of the Rights, are not sufficient to permit the holder of each Right to purchase the number of Class B Common Shares to which he would be entitled upon the exercise in full of the Rights in accordance with subparagraph (ii) of paragraph (a) of this Section 11, or should the Board of Directors so elect, the Company shall: (A) determine the excess of (1) the value of the Class B Common Shares issuable upon the exercise of a Right (calculated as provided in the last sentence

- 38 -

of this subparagraph (iii)) pursuant to Section 11(a)(ii) hereof (the "Current Value") over (2) the Exercise Price (such excess, the "Spread"), and (B) with respect to each Right, make adequate provision to substitute for such Class B Common Shares, upon payment of the applicable Exercise Price, any one or more of the following having an aggregate value determined by the Board of Directors to be equal to the Current Value: (1) cash; (2) a reduction in the Exercise Price; (3) Preferred Shares or other equity securities of the Company (including, without limitation, shares, or units or fractions of shares, of preferred stock which the Board of Directors has determined to have the same value as the Class B Common Shares (such shares of preferred stock, "common stock equivalents")); (4) debt securities of the Company; or (5) other assets; provided, however, if the Company shall not have made adequate provision to deliver value pursuant to clause (B) above within thirty (30) days following the first occurrence of an event triggering the rights to purchase Class B Common Shares described in Section 11(a)(ii) (the "Section 11(a)(ii) Trigger Date"), then the Company shall be obligated to deliver, upon the surrender for exercise of a Right and without requiring payment of the Exercise Price, shares of Class B Common Shares (to the extent available) and then, if necessary, cash, which shares and cash

- 39 -

have an aggregate value equal to the Spread. If the Board of Directors shall determine in good faith that it is likely that sufficient additional shares of Class B Common Shares could be authorized for issuance upon exercise in full of the Rights, the thirty (30) day period set forth above may be extended to the extent necessary, but not more than ninety (90) days after the Section 11(a)(ii) Trigger Date, in order that the Company may seek stockholder approval for the authorization of such additional shares (such period, as it may be extended, the "Substitution Period"). To the extent that the Company determines that some action need be taken pursuant to the first and/or second sentences of this Section 11(a)(iii), the Company (x) shall provide, subject to Section 7(e) hereof and the last paragraph of Section 11(a)(ii) hereof, that such action shall apply uniformly to all outstanding Rights, and (y) may suspend the exercisability of the Rights until the expiration of the Substitution Period in order to seek any authorization of additional shares and/or to decide the appropriate form of distribution to be made pursuant to such first sentence and to determine the value thereof. In the event of any such suspension, the Company shall make a public announcement, and shall deliver to the Rights Agent a statement, stating that the exercisability of the Rights has been temporarily suspended. At

- 40 -

such time as the suspension is no longer in effect, the Company

shall make another public announcement, and deliver to the Rights Agent a statement, so stating. For purposes of this Section 11(a) (iii), the value of the Class B Common Shares shall be the current per share market price (as determined pursuant to Section 11(d) (i) hereof) of the Class B Common Shares on the Section 11(a) (ii) Trigger Date and the value of any common stock equivalent shall be deemed to have the same value as the Class B Common Shares on such date.

(b) In case the Company shall fix a record date for the issuance of rights, options or warrants to all holders of Preferred Shares entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Preferred Shares (or shares having the same rights, powers and preferences as the Preferred Shares ("equivalent preferred shares")) or securities convertible into Preferred Shares or equivalent preferred shares at a price per Preferred Share or equivalent preferred share (or having a conversion price per share, if a security convertible into Preferred Shares or equivalent preferred shares) less than the then current per share market price of the Preferred Shares (as defined in Section 11(d)) on such record date, the Exercise Price to be in effect after such

- 41 -

record date shall be adjusted by multiplying the Exercise Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of Preferred Shares outstanding on such record date plus the number of Preferred Shares which the aggregate offering price of the total number of Preferred Shares and/or equivalent preferred shares so to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such current market price and the denominator of which shall be the number of Preferred Shares outstanding on such record date plus the number of additional Preferred Shares and/or equivalent preferred shares to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible); provided, however, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company issuable upon exercise of one Right. In case such subscription price may be paid in a consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent. Preferred Shares owned by or held

- 42 -

for the account of the Company shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed; and in the event that such rights, options or warrants are not so issued, the Exercise Price shall be adjusted to be the Exercise Price which would then be in effect if such record date had not been fixed.

(c) In case the Company shall fix a record date for the making of a distribution to all holders of the Preferred Shares (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing or surviving corporation) of evidences of indebtedness or assets (other than a regular quarterly cash dividend or a dividend payable in Preferred Shares) or subscription rights or warrants (excluding those referred to in Section 11(b) hereof), the Exercise Price to be in effect after such record date shall be

determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the then current per share market price of the Preferred Shares on such record date, less the fair market value (as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent) of the portion of the assets or evidences of

- 43 -

indebtedness so to be distributed or of such subscription rights or warrants applicable to one Preferred Share and the denominator of which shall be such current per share market price of the Preferred Shares; provided, however, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company to be issued upon exercise of one Right. Such adjustments shall be made successively whenever such a record date is fixed; and in the event that such distribution is not so made, the Exercise Price shall again be adjusted to be the Exercise Price which would then be in effect if such record date had not been fixed.

(d) (i) For the purpose of any computation hereunder, the "current per share market price" of any security (a "Security" for the purpose of this Section 11(d)(i)) on any date shall be the average of the daily closing prices per share of such Security for the 30 consecutive Trading Days (as such term is hereinafter defined) immediately prior to such date; provided, however, that in the event that the current per share market price of the Security is determined during a period following the announcement by the issuer of such Security of (A) a dividend or distribution on such Security payable in shares of such Security

- 44 -

or securities convertible into such shares, or (B) any subdivision, combination or reclassification of such Security and prior to the expiration of 30 Trading Days after the ex-dividend date for such dividend or distribution, or the record date for such subdivision, combination or reclassification, then, and in each such case, the current per share market price shall be appropriately adjusted to reflect the current market price per share equivalent of such Security. The closing price for each day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Security is not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Security is listed or admitted to trading or, if the Security is not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of

- 45 -

Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or such other system then in use, or, if on any such date the Security is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional

market maker making a market in the Security selected by the Board of Directors. The term "Trading Day" shall mean a day on which the principal national securities exchange on which the Security is listed or admitted to trading is open for the transaction of business or, if the Security is not listed or admitted to trading on any national securities exchange, a Business Day.

(ii) For the purpose of any computation hereunder, the "current per share market price" of the Preferred Shares shall be determined in accordance with the method set forth in Section 11(d)(i). If the Preferred Shares are not publicly traded, the "current per share market price" of the Preferred Shares shall be conclusively deemed to be the current per share market price of the Class B Common Shares as determined pursuant to Section 11(d)(i) (appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof), multiplied by 1000. If neither the Class B Common Shares nor the Preferred Shares are publicly held or so listed or traded, "current per share market price" shall mean the fair value

- 46 -

per share as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent.

(e) No adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Exercise Price; provided, however, that any adjustments which by reason of this Section 11(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 11 shall be made to the nearest cent or to the nearest one ten-millionth of a Preferred Share or one ten-thousandth of any other share or security as the case may be. Notwithstanding the first sentence of this Section 11(e), any adjustment required by this Section 11 shall be made no later than three years from the date of the transaction that requires such adjustment.

(f) If as a result of an adjustment made pursuant to Section 11(a) hereof, the holder of any Right thereafter exercised shall become entitled to receive any shares of capital stock of the Company other than Preferred Shares, the number of such other shares so receivable upon exercise of any Right shall thereafter be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions

- 47 -

with respect to the Preferred Shares contained in Section 11(a) through (c), inclusive, and the provisions of Sections 7, 9, 10 and 13 with respect to the Preferred Shares shall apply on like terms to any such other shares.

(g) All Rights originally issued by the Company subsequent to any adjustment made to the Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the number of one one-thousandths of a Preferred Share purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(h) Unless the Company shall have exercised its election as provided in Section 11(i), upon each adjustment of the Exercise Price as a result of the calculations made in Sections 11(b) and (c), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the

right to purchase, at the adjusted Exercise Price, that number of one one-thousandths of a Preferred Share (calculated to the nearest one ten-millionth of a Preferred Share) obtained by (i) multiplying (x) the number of one one-thousandths of a share covered by a Right immediately prior to this adjustment by (y) the Exercise Price in effect immediately prior to such adjustment of the Exercise Price and (ii) dividing the product so obtained by the

- 48 -

Exercise Price in effect immediately after such adjustment of the Exercise Price.

(i) The Company may elect on or after the date of any adjustment of the Exercise Price to adjust the number of Rights in substitution for any adjustment in the number of one one-thousandths of a Preferred Share purchasable upon the exercise of a Right. Each of the Rights outstanding after such adjustment of the number of Rights shall be exercisable for the number of one one-thousandths of a Preferred Share for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest one millionth) obtained by dividing the Exercise Price in effect immediately prior to adjustment of the Exercise Price by the Exercise Price in effect immediately after adjustment of the Exercise Price. The Company shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the Exercise Price is adjusted or any day thereafter, but, if the Right Certificates have been distributed, shall be at least 10 days later than the date of the public announcement. If Right

- 49 -

Certificates have been distributed, upon each adjustment of the number of Rights pursuant to this Section 11(i), the Company shall, as promptly as practicable, cause to be distributed to holders of record of Right Certificates on such record date Right Certificates evidencing, subject to Section 14 hereof, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Right Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Right Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Right Certificates to be so distributed shall be issued, executed and countersigned in the manner provided for herein and shall be registered in the names of the holders of record of Right Certificates on the record date specified in the public announcement.

(j) Irrespective of any adjustment or change in the Exercise Price or the number of one one-thousandths of a Preferred Share issuable upon the exercise of the Rights, the Right Certificates theretofore and thereafter issued may continue to express the Exercise Price and the number of one one-

- 50 -

thousandths of a Preferred Share, which were expressed in the initial Right Certificates issued hereunder.

(k) Before taking any action that would cause an adjustment reducing the Exercise Price below one one-thousandth of the then par value of the Preferred Shares issuable upon exercise of the Rights, the Company shall take any corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and non-assessable Preferred Shares at such adjusted Exercise Price.

(l) In any case in which this Section 11 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, the Company may elect to defer until the occurrence of such event the issuing to the holder of any Right exercised after such record date of the Preferred Shares and other capital stock or securities of the Company, if any, issuable upon such exercise over and above the Preferred Shares and other capital stock or securities of the Company, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to

- 51 -

receive such additional shares upon the occurrence of the event requiring such adjustment.

(m) Anything in this Section 11 to the contrary notwithstanding, the Company shall be entitled to make such reductions in the Exercise Price, in addition to those adjustments expressly required by this Section 11, as and to the extent that it in its sole discretion shall determine to be advisable in order that any (i) consolidation or subdivision of the Preferred Shares, (ii) issuance wholly for cash of any Preferred Shares at less than the current market price, (iii) issuance wholly for cash of Preferred Shares or securities which by their terms are convertible into or exchangeable for Preferred Shares, (iv) dividends on Preferred Shares payable in Preferred Shares or (v) issuance of any rights, options or warrants referred to hereinabove in Section 11(b), hereafter made by the Company to holders of its Preferred Shares shall not be taxable to such stockholders.

(n) In the event that at any time after the date of this Agreement and prior to the Distribution Date, the Company shall (i) declare or pay any dividend on the Common Shares payable in Common Shares or (ii) effect a subdivision, combination or consolidation of the Common Shares (by reclassification or

- 52 -

otherwise other than by payment of dividends in Common Shares) into a greater or lesser number of Common Shares, then in any such case (i) the number of one one-thousandths of a Preferred Share purchasable after such event upon proper exercise of each Right shall be determined by multiplying the number of one one-thousandths of a Preferred Share so purchasable immediately prior to such event by a fraction, the numerator of which is the Voting Power of the number of Common Shares outstanding immediately before such event and the denominator of which is the Voting Power of the number of Common Shares outstanding immediately after such event, and (ii) each Common Share outstanding immediately after such event shall have issued with respect to it that number of Rights which each Common Share outstanding immediately prior to such event had issued with respect to it. The adjustments provided for in this Section 11(n) shall be made successively whenever such a dividend is declared or paid or such a subdivision, combination or consolidation is



effected.

Section 12. Certificate of Adjustment. Whenever an adjustment is made as provided in Sections 11 and 13 hereof, the Company shall promptly (a) prepare a certificate setting forth such adjustment, and a brief statement of the facts accounting for such adjustment, (b) file with the Rights Agent and with each

- 53 -

transfer agent for the Preferred Shares or the Common Shares a copy of such certificate and (c) mail a brief summary thereof to each holder of a Right Certificate in accordance with Section 25 hereof. The Rights Agent shall be fully protected in relying on any such certificate and on any adjustment therein contained, and shall not be obligated or responsible for calculating any adjustment, nor shall it be deemed to have knowledge of such an adjustment unless and until it shall have received such certificate.

Section 13. Consolidation, Merger or Sale or Transfer of Assets or Earning Power. In the event that, at any time after a Person becomes an Acquiring Person, directly or indirectly, (a) the Company shall consolidate with, or merge with and into, any other Person, (b) any Person shall consolidate with the Company, or merge with and into the Company and the Company shall be the continuing or surviving corporation of such merger and, in connection with such merger, all or part of the Common Shares shall be changed into or exchanged for stock or other securities of any other Person (or the Company) or cash or any other property, or (c) the Company shall sell or otherwise transfer (or one or more of its Subsidiaries shall sell or otherwise transfer), in one or more transactions, assets or

- 54 -

earning power aggregating 50% or more of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to any other Person other than the Company or one or more of its wholly-owned Subsidiaries (the date of any such event, a "Section 13 Trigger Date"), then, and in each such case, proper provision shall be made so that (i) each holder of a Right (except as otherwise provided herein) shall thereafter have the right to receive, upon the exercise thereof at a price equal to the then current Exercise Price multiplied by the number of one one-thousandths of a Preferred Share for which a Right is then exercisable, in accordance with the terms of this Agreement and in lieu of Preferred Shares for which a Right is then exercisable, such number of Common Shares of such other Person (including the Company as successor thereto or as the surviving corporation) as shall equal the result obtained by (A) multiplying the then current Exercise Price by the number of one one-thousandths of a Preferred Share for which a Right is then exercisable and dividing that product by (B) 50% of the then current per share market price of the Common Shares of such other Person (determined pursuant to Section 11(d) hereof) on the date of consummation of such consolidation, merger, sale or transfer; (ii) the issuer of such Common Shares shall thereafter be liable for, and shall assume, by

- 55 -

virtue of such consolidation, merger, sale or transfer, all the obligations and duties of the Company pursuant to this Agreement; (iii) the term "Company" shall thereafter be deemed to refer to such issuer; and (iv) such issuer shall take such steps (including, but not limited to, the reservation of a sufficient

number of its Common Shares in accordance with Section 9 hereof) in connection with such consummation as may be necessary to assure that the provisions hereof shall thereafter be applicable, as nearly as reasonably may be, in relation to the Common Shares thereafter deliverable upon the exercise of the Rights. The Company covenants and agrees that it shall not consummate any such consolidation, merger, sale or transfer unless prior thereto the Company and such issuer shall have executed and delivered to the Rights Agent a supplemental agreement so providing. The Company shall not enter into any transaction of the kind referred to in this Section 13 if at the time of such transaction there are any rights, warrants, instruments or securities outstanding or any agreements or arrangements which, as a result of the consummation of such transaction, would eliminate or substantially diminish the benefits intended to be afforded by the Rights. The provisions of this Section 13 shall similarly apply to successive mergers or consolidations or sales or other transfers. For purposes hereof,

- 56 -

the "earning power" of the Company and its Subsidiaries shall be determined in good faith by the Company's Board of Directors on the basis of the operating earnings of each business operated by the Company and its Subsidiaries during the three fiscal years preceding the date of such determination (or, in the case of any business not operated by the Company or any Subsidiary during three full fiscal years preceding such date, during the period such business was operated by the Company or any Subsidiary).

#### Section 14. Fractional Rights and Fractional Shares.

(a) The Company shall not be required to issue fractions of Rights or to distribute Right Certificates which evidence fractional Rights. In lieu of such fractional Rights, there shall be paid to the registered holders of the Right Certificates with regard to which such fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the current market value of a whole Right. For the purposes of this Section 14(a), the current market value of a whole Right shall be the closing price of the Rights for the Trading Day immediately prior to the date on which such fractional Rights would have been otherwise issuable. The closing price for any day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid

- 57 -

and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Rights are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Rights are listed or admitted to trading or, if the Rights are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by NASDAQ or such other system then in use or, if on any such date the Rights are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Rights selected by the Board of Directors. If on any such date no such market maker is making a market in the Rights, the fair value of the Rights on such date as determined in good faith by the Board of Directors shall be used.

(b) The Company shall not be required to issue fractions of Preferred Shares (other than fractions that are integral multiples of one one-thousandth of a Preferred Share)

- 58 -

upon exercise of the Rights or to distribute certificates which evidence fractional Preferred Shares. Fractions of Preferred Shares in integral multiples of one one-thousandth of a Preferred Share may, at the election of the Company, be evidenced by depositary receipts, pursuant to an appropriate agreement between the Company and a depositary selected by it; provided, that such agreement shall provide that the holders of such depositary receipts shall have all the rights, privileges and preferences to which they are entitled as beneficial owners of the Preferred Shares represented by such depositary receipts. In lieu of fractional Preferred Shares that are not integral multiples of one one-thousandth of a Preferred Share, the Company shall pay to each registered holder of Right Certificates at the time such Rights are exercised as herein provided an amount in cash equal to the same fraction of the current market value of one Preferred Share as the fraction of one Preferred Share that such holder would otherwise receive upon the exercise of the aggregate number of Rights exercised by such holder. For the purposes of this Section 14(b), the current market value of a Preferred Share shall be the closing price of a Class B Common Share (as determined pursuant to the second sentence of Section 11(d)(i) hereof) for the Trading

- 59 -

Day immediately prior to the date of such exercise multiplied by 1000.

(c) The holder of a Right by the acceptance of the Right expressly waives any right to receive fractional Rights or fractional shares upon exercise of a Right except as provided above.

Section 15. Rights of Action. All rights of action in respect of this Agreement, excepting the rights of action given to the Rights Agent under Section 18 hereof, are vested in the respective registered holders of the Right Certificates (and, prior to the Distribution Date, the registered holders of the Common Shares); and any registered holder of any Right Certificate (or, prior to the Distribution Date, of the Common Shares) may, without the consent of the Rights Agent or of the holder of any other Right Certificate (or, prior to the Distribution Date, of the Common Shares), on his own behalf and for his own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce, or otherwise act in respect of, his right to exercise the Rights evidenced by such Right Certificate in the manner provided in such Right Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically

- 60 -

acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of any Person subject to, this Agreement.

Section 16. Agreement of Right Holders. Every holder

of a Right, by accepting the same, consents and agrees with the Company and the Rights Agent and with every other holder of a Right that:

(a) prior to the Distribution Date, the Rights will be transferable only in connection with the transfer of the Common Shares;

(b) after the Distribution Date, the Right Certificates are transferable only on the registry books maintained by the Rights Agent if surrendered at the principal office of the Rights Agent, duly endorsed or accompanied by a proper instrument of transfer with a completed form of certification; and

(c) the Company and the Rights Agent may treat the person in whose name the Right Certificate (or, prior to the Distribution Date, the associated Common Shares certificate) is registered as the absolute owner thereof and of the Rights

- 61 -

evidenced thereby (notwithstanding any notations of ownership or writing on the Right Certificates or the associated Common Shares certificate made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary.

Section 17. Right Certificate Holder Not Deemed a Stockholder. No holder, as such, of any Right Certificate shall be entitled to vote, receive dividends or be deemed for any purpose the holder of the Preferred Shares or any other securities of the Company which may at any time be issuable on the exercise of the Rights represented thereby nor shall anything contained herein or in any Right Certificate be construed to confer upon the holder of any Right Certificate, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in Section 25 hereof), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by such Right Certificate shall have been exercised in accordance with the provisions hereof.

- 62 -

Section 18. Concerning the Rights Agent. The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses, legal fees and disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent, and its officers, agents and directors for, and to hold each of them harmless against, any loss, liability, or expense, incurred without negligence, bad faith or willful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent or such indemnified party in connection with the acceptance or administration of this Agreement or the exercise or performance of its duties hereunder, including the costs and expenses of defending against any claim of liability in the premises. The indemnity provided for herein shall survive the expiration of the Rights, the termination of this Agreement, and the resignation or removal of the Rights Agent. The costs and expenses of successfully enforcing this right of indemnification shall also be paid by the Company.

The Rights Agent may conclusively rely upon and shall be protected by the Company and shall incur no liability for, or

- 63 -

in respect of any action taken, suffered or omitted by it in connection with, its administration of this Agreement or the exercise or performance of its duties hereunder in reliance upon any Right Certificate or certificate for the Preferred Shares or Common Shares or for other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper person or persons, or otherwise upon the advice of counsel as set forth in Section 20 hereof.

Notwithstanding anything in this Agreement to the contrary, in no event shall the Rights Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Rights Agent has been advised of the likelihood of such loss or damage and regardless of the form of the action.

Section 19. Merger or Consolidation or Change of Name of Rights Agent. Any corporation into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Rights Agent or any successor Rights

- 64 -

Agent shall be a party, or any corporation succeeding to the stock transfer or corporate trust business of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 21 hereof. In case at the time such successor Rights Agent shall succeed to the agency created by this Agreement any of the Right Certificates shall have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Right Certificates so countersigned; and in case at that time any of the Right Certificates shall not have been countersigned, any successor Rights Agent may countersign such Right Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

In case at any time the name of the Rights Agent shall be changed and at such time any of the Right Certificates shall have been countersigned but not delivered, the Rights Agent may

- 65 -

adopt the countersignature under its prior name and deliver Right Certificates so countersigned; and in case at that time any of the Right Certificates shall not have been countersigned, the Rights Agent may countersign such Right Certificates either in its prior name or in its changed name; and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

Section 20. Duties of Rights Agent. The Rights Agent

undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, and no implied duties or obligations shall be read into this Agreement against the Rights Agent, by all of which the Company and the holders of Right Certificates, by their acceptance thereof, shall be bound:

(a) Before the Rights Agent acts or refrains from acting, the Rights Agent may consult with legal counsel (who may be legal counsel for the Company), and the opinion of such counsel shall be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion.

(b) Whenever in the performance of its duties under this Agreement the Rights Agent shall deem it necessary or desirable that any fact or matter be proved or established by the

- 66 -

Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by any one of the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the General Counsel, the Treasurer or the Secretary of the Company and delivered to the Rights Agent; and such certificate shall be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

(c) The Rights Agent shall be liable hereunder only for its own negligence, bad faith or willful misconduct.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Rights Agreement or in the Right Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due execution hereof by the Rights Agent) or in respect of the validity or execution of

- 67 -

any Right Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Rights Agreement or in any Right Certificate; nor shall it be responsible for any adjustment required under Sections 11 or 13 hereof or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights evidenced by Right Certificates after actual notice of any such adjustment); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any Preferred Shares to be issued pursuant to this Agreement or any Rights Certificate or as to whether any Preferred Shares will, when so issued, be validly authorized and issued, fully paid and nonassessable.

(f) The Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by

the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

(g) The Rights Agent is hereby authorized and

- 68 -

directed to accept instructions with respect to the performance of its duties hereunder from any one of the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, any Executive Vice President, the General Counsel, the Managing Attorney - Corporate and the Secretary of the Company, and to apply to such officers for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered to be taken by it in good faith in accordance with instructions of any such officer. Any application by the Rights Agent for written instructions from the Company may, at the option of the Rights Agent, set forth in writing any action proposed to be taken or omitted by the Rights Agent under this Rights Agreement and the date on or after which such action shall be taken or such omission shall be effective. The Rights Agent shall not be liable for any action taken by, or omission of, the Rights Agent in accordance with a proposal included in any such application on or after the date specified in such application (which date shall not be less than five Business Days after the date any officer of the Company actually receives such application, unless any such officer shall have consented in writing to an earlier date) unless, prior to taking any such action (or the effective date in the case of an omission), the

- 69 -

Rights Agent shall have received written instructions in response to such application specifying the action to be taken or omitted.

(h) The Rights Agent and any stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in any of the Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other legal entity.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct.

(j) Except as otherwise provided herein, the Rights Agent shall not be required 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

- 70 -

its rights if there shall be reasonable grounds for believing that repayment of such funds or adequate indemnification against such risk or liability is not reasonably assured to it.

(k) The Rights Agent shall not be required to take notice or be deemed to have notice of any fact, event or

determination (including, without limitation, any dates or events defined in this Agreement or the designation of any Person as an Acquiring Person, Affiliate or Associate) under this Agreement unless and until the Rights Agent shall be specifically notified in writing by the Company of such fact, event or determination.

(1) If, with respect to any Rights Certificate surrendered to the Rights Agent for exercise or transfer, the certificate attached to the form of assignment or form of election to purchase, as the case may be, has not been completed, the Rights Agent shall not take any further action with respect to such requested exercise or transfer without first consulting with the Company.

Section 21. Change of Rights Agent. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Agreement upon 30 days' notice in writing mailed to the Company and to each transfer agent of the Common Shares and the Preferred Shares by registered or certified

- 71 -

mail and, at the expense of the Company, to the holders of the Right Certificates by first-class mail. The Company may remove the Rights Agent or any successor Rights Agent upon 30 days' notice in writing, mailed to the Rights Agent or successor Rights Agent, as the case may be, and to each transfer agent of the Common Shares and the Preferred Shares by registered or certified mail, and to the holders of the Right Certificates by first-class mail. If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. If the Company shall fail to make such appointment within a period of 30 days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Right Certificate (who shall, with such notice, submit his Right Certificate for inspection by the Company), then the registered holder of any Right Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be (i) a corporation organized and doing business under the laws of the United States, in good standing, which is authorized under such laws to exercise corporate trust or stock transfer powers and is

- 72 -

subject to supervision or examination by federal or state authority and which has at the time of its appointment as Rights Agent a combined capital and surplus of at least \$50 million dollars or (ii) a subsidiary of a corporation described in clause (i) of this sentence. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares and the Preferred Shares, and mail a notice thereof in writing to the registered holders of the Right Certificates. Failure to give any notice provided for in this Section 21, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

Section 22. Issuance of New Right Certificates.



Notwithstanding any of the provisions of this Agreement or of the

- 73 -

Rights to the contrary, the Company may, at its option, issue new Right Certificates evidencing Rights in such form as may be approved by its Board of Directors to reflect any adjustment or change in the Exercise Price and the number or kind or class of shares or other securities or property purchasable under the Right Certificates made in accordance with the provisions of this Agreement.

Section 23. Redemption.

(a) At any time prior to the time any Person becomes an Acquiring Person, the Board of Directors may, by the Required Board Vote, redeem all but not less than all of the then outstanding Rights at the Redemption Price. The redemption of the Rights by the Board of Directors may be made effective at such time, on such basis and subject to such conditions as the Board of Directors in its sole discretion may establish. The Company may, at its option, pay the Redemption Price in cash, Class B Common Stock (based on the market price thereof, as determined by the Board of Directors) or other form of consideration deemed appropriate by the Board of Directors.

(b) Immediately upon the action of the Board of Directors ordering the redemption of the Rights pursuant to paragraph (a) of this Section 23 (or on such other later date, or

- 74 -

upon satisfaction of such conditions, as shall be specified in the resolution of the Board of Directors approving such redemption), and without any further action and without any notice, the right to exercise the Rights will terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price. The Company shall promptly give public notice of any such redemption; provided, however, that the failure to give, or any defect in, any such notice shall not affect the validity of such redemption. Within 10 days after such action of the Board of Directors ordering the redemption of the Rights pursuant to paragraph (a), the Company shall mail a notice of redemption to all the holders of the then outstanding Rights at their last addresses as they appear upon the registry books of the Rights Agent or, prior to the Distribution Date, on the registry books of the transfer agent for the Common Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. If the payment of the Redemption Price is not included with such notice, each such notice shall state the method by which the payment of the Redemption Price will be made. Neither the Company nor any of its Affiliates or Associates may redeem, acquire or purchase for value any Rights at any time in any manner other than that

- 75 -

specifically set forth in this Section 23 or in Section 24 hereof, other than in connection with the purchase of Common Shares prior to the Distribution Date.

Section 24. Exchange.

(a) The Board of Directors may, at its option, at any time after any Person becomes an Acquiring Person, exchange all or part of the then outstanding and exercisable Rights (which

shall not include Rights that have become void pursuant to the provisions of Section 11(a)(ii) hereof) for Class B Common Shares at an exchange ratio of one Class B Common Share per Right appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such exchange ratio being hereinafter referred to as the "Exchange Ratio"). Notwithstanding the foregoing, the Board of Directors shall not be empowered to effect such exchange at any time after any Person (other than the Company, any Subsidiary of the Company, any employee benefit plan of the Company or any such Subsidiary, any entity holding Common Shares for or pursuant to the terms of any such plan or any Exempt Person), together with all Affiliates and Associates of such Person, becomes the Beneficial Owner of Common Shares representing a majority of the Voting Power then outstanding.

- 76 -

(b) Immediately upon the action of the Board of Directors ordering the exchange of any Rights pursuant to subsection (a) of this Section 24 and without any further action and without any notice, the right to exercise such Rights shall terminate and the only right thereafter of a holder of such Rights shall be to receive that number of Class B Common Shares equal to the number of such Rights held by such holder multiplied by the Exchange Ratio. The Company shall promptly give public notice of any such exchange; provided, however, that the failure to give, or any defect in, such notice shall not affect the validity of the exchange. The Company promptly shall mail a notice of the exchange to all of the holders of such Rights at their last addresses as they appear upon the registry books of the Rights Agent. Any notice that is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of exchange will state the method by which the exchange of the Class B Common Shares for Rights will be effected and, in the event of any partial exchange, the number of Rights which will be exchanged. Any partial exchange shall be effected pro rata based on the number of Rights (other than Rights which have become void pursuant to the provisions of Section 11(a)(ii) hereof) held by each holder of Rights.

- 77 -

(c) In any exchange pursuant to this Section 24, the Company, at its option, may substitute Preferred Shares or common stock equivalents for Class B Common Shares exchangeable for Rights, at the initial rate of one one-thousandth of a Preferred Share (or an appropriate number of common stock equivalents) for each Common Share, as appropriately adjusted to reflect adjustments in the voting rights of the Preferred Shares pursuant to the terms thereof, so that the fraction of a Preferred Share delivered in lieu of each Common Share shall have the same voting rights as one Class B Common Share.

(d) In the event that there shall not be sufficient Class B Common Shares, Preferred Shares or common stock equivalents authorized by the Company's amended and restated certificate of incorporation and not outstanding or subscribed for, or reserved or otherwise committed for issuance for purposes other than upon exercise of Rights, to permit any exchange of Rights as contemplated in accordance with this Section 24, the Company shall take all such action as may be necessary to authorize additional Class B Common Shares, Preferred Shares or common stock equivalents for issuance upon exchange of the Rights.

(e) The Company shall not be required to issue fractions of Class B Common Shares or to distribute certificates

which evidence fractional Class B Common Shares. In lieu of such fractional Class B Common Shares, the Company shall pay to the registered holders of the Right Certificates with regard to which such fractional Class B Common Shares would otherwise be issuable an amount in cash equal to the same fraction of the current per share market value of a whole Class B Common Share. For the purposes of this paragraph (e), the current per share market value of a whole Class B Common Share shall be the closing price of a Class B Common Share (as determined pursuant to the second sentence of Section 11(d)(i) hereof) for the Trading Day immediately prior to the date of exchange pursuant to this Section 24.

Section 25. Notice of Certain Events.

(a) In case the Company shall, after the Distribution Date, propose (i) to pay any dividend payable in stock of any class to the holders of its Preferred Shares or to make any other distribution to the holders of its Preferred Shares (other than a regular quarterly cash dividend), (ii) to offer to the holders of its Preferred Shares rights or warrants to subscribe for or to purchase any additional Preferred Shares or shares of stock of any class or any other securities, rights or options, (iii) to effect any reclassification of its Preferred

Shares (other than a reclassification involving only the subdivision of outstanding Preferred Shares), (iv) to effect any consolidation or merger into or with, or to effect any sale or other transfer (or to permit one or more of its Subsidiaries to effect any sale or other transfer), in one or more transactions, of 50% or more of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to, any other Person, (v) to effect the liquidation, dissolution or winding up of the Company, or (vi) to declare or pay any dividend on the Common Shares payable in Common Shares or to effect a subdivision, combination or consolidation of the Common Shares (by reclassification or otherwise than by payment of dividends in Common Shares), then, in each such case, the Company shall give to each holder of a Right Certificate, in accordance with Section 26 hereof, a notice of such proposed action, which shall specify the record date for the purposes of such stock dividend, or distribution of rights or warrants, or the date on which such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution, or winding up is to take place and the date of participation therein by the holders of the Common Shares and/or Preferred Shares, if any such date is to be fixed, and such notice shall be so given in the case of any action covered by clause (i) or (ii)

above at least 10 days prior to the record date for determining holders of the Preferred Shares for purposes of such action, and in the case of any such other action, at least 10 days prior to the date of the taking of such proposed action or the date of participation therein by the holders of the Common Shares and/or Preferred Shares, whichever shall be the earlier.

(b) In case any event set forth in Section 11(a)(ii) hereof shall occur, then the Company shall as soon as practicable thereafter give to each holder of a Right Certificate, in accordance with Section 26 hereof, a notice of the occurrence of such event, which notice shall describe such

event and the consequences of such event to holders of Rights under Section 11(a)(ii) hereof.

Section 26. Notices. Notices or demands authorized by this Agreement to be given or made by the Rights Agent or by the holder of any Right Certificate to or on the Company shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

- 81 -

Continental Airlines, Inc.  
Dept. HQS-EO  
Continental Tower  
1600 Smith Street  
Houston, Texas 77002  
Attention: Secretary and General Counsel

Subject to the provisions of Section 21 hereof, any notice or demand authorized by this Agreement to be given or made by the Company or by the holder of any Right Certificate to or on the Rights Agent shall be sent by registered or certified mail and shall be deemed given upon receipt and addressed (until another address is filed in writing with the Company) as follows:

Harris Trust and Savings Bank  
1601 Elm Street, Suite 2320  
Dallas, TX 75201  
Attention: Jill Wessell, Vice President

Notices or demands authorized by this Agreement to be given or made by the Company or the Rights Agent to the holder of any Right Certificate shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as shown on the registry books of the Company.

Section 27. Supplements and Amendments. By the Required Board Vote, the Company may from time to time, and the Rights Agent shall, if the Company directs, supplement or amend

- 82 -

this Agreement without the approval of any holders of Right Certificates to cure any ambiguity, to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions herein, or to make any change to or delete any provision hereof or to adopt any other provisions with respect to the Rights which the Company may deem necessary or desirable; provided, however, that from and after such time as any Person becomes an Acquiring Person, this Agreement shall not be amended or supplemented in any manner which would adversely affect the interests of the holders of Rights (other than an Acquiring Person and its Affiliates and Associates). Notwithstanding anything contained in this Agreement to the contrary, no supplement or amendment to this Rights Agreement shall be made which reduces the Redemption Price, provides for an earlier Final Expiration Date, alters the provisions of Section 23(a) relating to the redemption of the Rights, or extends the time during which the Rights may be redeemed if, in any such case, at the time of such supplement or amendment the Rights are not redeemable.

Notwithstanding anything in this Agreement to the contrary, no supplement or amendment that changes the rights and duties of the Rights Agent under this Agreement will be effective

against the Rights Agent without the execution of such supplement or amendment by the Rights Agent.

Section 28. Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 29. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any person or corporation other than the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, the Common Shares) any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, the Common Shares).

Section 30. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 31. Governing Law. This Agreement and each Right Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts to be made and performed entirely within such State, except the rights and obligations of the Rights Agent, which shall be governed by and construed in accordance with the laws of the State of Illinois.

Section 32. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

Section 33. Descriptive Headings. Descriptive headings of the several Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 34. Administration. The Board of Directors shall have the exclusive power and authority to administer and interpret the provisions of this Agreement and to exercise all rights and powers specifically granted to the Board of Directors or the Company or as may be necessary or advisable in the

administration of this Agreement. All such actions, calculations, determinations and interpretations which are done or made by the Board of Directors in good faith shall be final, conclusive and binding on the Company, the Rights Agent, the holders of the Rights and all other parties and shall not subject the Board of Directors to any liability to the holders of the Rights.

[The remainder of this page is intentionally being left blank.]

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

CONTINENTAL AIRLINES, INC.

Attest:

By:/s/ Scott R. Peterson

By:/s/ Jeffery A. Smisek

-----  
Scott R. Peterson  
Assistant Secretary

-----  
Jeffery A. Smisek  
Executive Vice President  
General Counsel and Secretary

HARRIS TRUST AND SAVINGS BANK, as  
rights agent

Attest:

By:/s/ Joseph McFadden

By:/s/ Jill Wessell

-----  
Name: Joseph McFadden  
Title: Vice President

-----  
Name: Jill Wessell  
Title: Vice President

[Signature Page to Rights Agreement]

A-2

Exhibit A

FORM

of

CERTIFICATE OF DESIGNATION

of

SERIES A JUNIOR PARTICIPATING PREFERRED STOCK

of

CONTINENTAL AIRLINES, INC.

-----  
(Pursuant to Section 151 of the  
Delaware General Corporation Law)  
-----

Continental Airlines, Inc., a Delaware corporation (the "Corporation"), hereby certifies that the following resolution was adopted by the Board of Directors of the Corporation as required by Section 151 of the Delaware General

Corporation Law at a meeting duly called and held on November 16, 1998:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors of this Corporation (hereinafter called the "Board of Directors" or the "Board") in accordance with the provisions of the Amended and Restated Certificate of Incorporation of the Corporation (the "Restated Certificate of Incorporation"), the Board of Directors hereby creates a series of Preferred Stock, par value \$.01 per share (the "Preferred Stock"), of the Corporation and hereby states the designation and number of shares, and fixes the relative rights, preferences, and limitations thereof as follows:

A-3

Section 1. Designation and Amount. The shares of this series shall be designated as "Series A Junior Participating Preferred Stock" (the "Series A Preferred Stock") and the number of shares constituting the Series A Preferred Stock shall be 100,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series A Preferred Stock.

Section 2. Dividends and Distributions.

(A) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any other stock) ranking prior and superior to the Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the last day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount (if any) per share (rounded to the nearest cent), subject to the provision for adjustment hereinafter set forth, equal to 1000 times the aggregate per share amount of all cash dividends, and 1000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Class A Common Stock, par value \$.01 per share (the "Class A Common Stock"), Class B Common Stock, par value \$.01 per share (the "Class B Common Stock") or Class D Common Stock, par value \$.01 per share (the "Class D Common Stock" and, together with the Class A Common Stock and the Class B Common Stock, the "Common Stock"), of the Corporation or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the Corporation shall at any time declare or pay any

A-4

dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of

Series A Preferred Stock were entitled immediately prior to such event under the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock).

(C) Dividends due pursuant to paragraph (A) of this Section shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

A-5

Section 3. Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 1000 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of votes entitled to be cast by the holders of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of votes entitled to be cast by the holders of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided in the Amended and Restated Certificate of Incorporation, including any other Certificate of Designation creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.



(C) Except as set forth herein, or as otherwise required by law, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

#### Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not

A-6

declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled; or

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock; provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (as to dividends and upon dissolution, liquidation or winding up) to the Series A Preferred Stock.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. **Reacquired Shares.** Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. The Corporation shall take all such actions as are necessary to cause all such shares to become authorized but unissued shares of Preferred Stock that may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein or in the Restated Certificate of Incorporation, including any Certificate of Designation creating a series of Preferred Stock or any similar stock, or as otherwise required by law.

A-7

Section 6. **Liquidation, Dissolution or Winding Up.** Upon any liquidation, dissolution or winding up of the

Corporation, the holders of shares of Series A Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1000 times the aggregate amount to be distributed per share to holders of shares of Common Stock plus an amount equal to any accrued and unpaid dividends. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series A Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of

A-8

which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. Amendment. The Restated Certificate of Incorporation shall not be amended in any manner, including in a merger or consolidation, which would alter, change, or repeal the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock, voting together as a single class.

Section 9. Rank. The Series A Preferred Stock shall rank, with respect to the payment of dividends and upon liquidation, dissolution and winding up, junior to all series of Preferred Stock.

IN WITNESS WHEREOF, this Certificate of Designation is executed on behalf of the Corporation by its duly authorized officer this \_\_\_\_\_ day of November, 1998.

CONTINENTAL AIRLINES, INC.

By: \_\_\_\_\_  
Name:

Title:

Exhibit B

Form of Right Certificate

Certificate No. R- \_\_\_\_\_ Rights

NOT EXERCISABLE AFTER NOVEMBER 20, 2008 OR  
EARLIER IF REDEMPTION OR EXCHANGE OCCURS. THE  
RIGHTS ARE SUBJECT TO REDEMPTION AT \$.001

A-9

PER RIGHT AND TO EXCHANGE ON THE TERMS SET FORTH  
IN THE RIGHTS AGREEMENT (AS DEFINED HEREIN).  
UNDER CERTAIN CIRCUMSTANCES, RIGHTS THAT ARE OR  
WERE ACQUIRED OR BENEFICIALLY OWNED BY AN  
ACQUIRING PERSON OR ANY ASSOCIATES OR AFFILIATES  
THEREOF (AS SUCH TERMS ARE DEFINED IN THE RIGHTS  
AGREEMENT) OR ANY SUBSEQUENT HOLDER OF SUCH  
RIGHTS MAY BECOME NULL AND VOID.

Right Certificate

CONTINENTAL AIRLINES, INC.

This certifies that \_\_\_\_\_, or  
registered assigns, is the registered owner of the number of  
Rights set forth above, each of which entitles the owner thereof,  
subject to the terms, provisions and conditions of the Rights  
Agreement, dated as of November 20, 1998 (the "Rights  
Agreement"), between Continental Airlines, Inc., a Delaware  
corporation (the "Company"), and Harris Trust and Savings Bank  
(the "Rights Agent"), to purchase from the Company at any time  
after the Distribution Date (as such term is defined in the  
Rights Agreement) and prior to the earliest of (i) 5:00 P.M.,  
central time, on November 20, 2008, (ii) the Redemption Date (as  
such term is defined in the Rights Agreement), or (iii) the time  
at which such Rights are exchanged pursuant to Section 24 of the  
Rights Agreement, at the principal office of the Rights Agent, or  
at the office of its successor as Rights Agent, one  
one-thousandth of a fully paid non-assessable share of Series A  
Junior Participating Preferred Stock, par value \$.01 per share  
("Preferred Shares"), of the Company, at a purchase price of \$200  
per one one-thousandth of a Preferred Share (the "Exercise  
Price"), upon presentation and surrender of this Right  
Certificate with the certification and the Form of Election to  
Purchase duly executed. The number of Rights evidenced by this  
Right Certificate (and the number of one one-thousandths of a  
Preferred Share which may be purchased upon exercise hereof) set  
forth above, and the Exercise Price set forth above, are the  
number and Exercise Price as of November 20, 1998, based on the  
Preferred Shares as constituted at such date. As provided in the  
Rights Agreement, the Exercise Price and the number of one  
one-thousandths of a Preferred Share

B-2

which may be purchased upon the exercise of the Rights evidenced  
by this Right Certificate are subject to modification and  
adjustment upon the happening of certain events.

From and after the occurrence of an event described in

Section 11(a)(ii) of the Rights Agreement, if the Rights are or were at any time on or after the earlier of (x) the date of such event and (y) the Distribution Date (as such term is defined in the Rights Agreement) acquired or beneficially owned by an Acquiring Person or an Associate or Affiliate of an Acquiring Person (as such terms are defined in the Rights Agreement), such Rights shall become void, and any holder of such Rights shall thereafter have no right to exercise such Rights.

This Right Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of the Rights Agent, the Company and the holders of the Right Certificates. Copies of the Rights Agreement are on file at the principal executive offices of the Company and the offices of the Rights Agent and will be mailed to the holder of the Right Certificates, without charge, after receipt of a written request therefor.

This Right Certificate, with or without other Right Certificates, upon surrender at the principal office of the Rights Agent, may be exchanged for another Right Certificate or Right Certificates of like tenor and date evidencing Rights entitling the holder to purchase a like aggregate number of Preferred Shares as the Rights evidenced by the Right Certificate or Right Certificates surrendered shall have entitled such holder to purchase. If this Right Certificate shall be exercised in part, the holder shall be entitled to receive upon surrender hereof another Right Certificate or Right Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, at the Company's option, the Rights evidenced by this Certificate (i) may be redeemed by the Company at a redemption price of \$.001 per Right or (ii) may be exchanged in whole or

B-3

in part for shares of the Company's Class B Common stock, par value \$.01 per share, or Preferred Shares.

No fractional Preferred Shares will be issued upon the exercise of any Right or Rights evidenced hereby (other than fractions that are integral multiples of one one-thousandth of a Preferred Share, which may, at the election of the Company, be evidenced by depositary receipts), but in lieu thereof a cash payment will be made, as provided in the Rights Agreement.

No holder of this Right Certificate shall be entitled to vote or receive dividends or be deemed for any purpose the holder of the Preferred Shares or of any other securities of the Company which may at any time be issuable on the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in the Rights Agreement), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by this Right Certificate shall have been exercised as provided in the Rights Agreement.

This Right Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Company. Dated as of December \_\_\_\_\_, 1998.

CONTINENTAL AIRLINES, INC.

Attest:

By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

Countersigned:

HARRIS TRUST AND SAVINGS BANK  
Rights Agent

By: \_\_\_\_\_  
Authorized Signature

Form of Reverse Side of Right Certificate

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Right Certificate.)

FOR VALUE RECEIVED \_\_\_\_\_  
hereby sells, assigns and transfers unto

\_\_\_\_\_  
(Please print name and address of transferee)  
this Right Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint \_\_\_\_\_ Attorney, to transfer the within Right Certificate on the books of the within-named Company, with full power of substitution.

Dated: \_\_\_\_\_, \_\_\_\_

\_\_\_\_\_  
Signature

Signature Guaranteed:

Signatures must be guaranteed by a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States.

-----  
The undersigned hereby certifies that the Rights evidenced by this Right Certificate are not beneficially owned by an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement).

\_\_\_\_\_

B-6

Signature

-----

B-7

Form of Reverse Side of Right Certificate--continued

FORM OF ELECTION TO PURCHASE

(To be executed if holder desires to  
exercise the Right Certificate.)

To: CONTINENTAL AIRLINES, INC.:

The undersigned hereby irrevocably elects to exercise  
\_\_\_\_\_ Rights represented by this Right  
Certificate to purchase the Preferred Shares issuable upon the  
exercise of such Rights and requests that certificates for such  
Preferred Shares be issued in the name of:

Please insert social security  
or other identifying number

\_\_\_\_\_  
(Please print name and address)

\_\_\_\_\_  
If such number of Rights shall not be all the Rights evidenced by  
this Right Certificate, a new Right Certificate for the balance  
remaining of such Rights shall be registered in the name of and  
delivered to:

Please insert social security  
or other identifying number

\_\_\_\_\_  
(Please print name and address)

\_\_\_\_\_  
Dated: \_\_\_\_\_, \_\_\_\_\_

B-8

\_\_\_\_\_  
Signature

Signature Guaranteed:

Signatures must be guaranteed by a member firm of a  
registered national securities exchange, a member of the National  
Association of Securities Dealers, Inc., or a commercial bank or  
trust company having an office or correspondent in the United  
States.

-----

The undersigned hereby certifies that the Rights evidenced by this Right Certificate are not beneficially owned by an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement).

\_\_\_\_\_  
Signature

-----  
NOTICE

The signature in the foregoing Forms of Assignment and Election must conform to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

In the event the certification set forth above in the Form of Assignment or the Form of Election to Purchase, as the case may be, is not completed, the Company and the Rights Agent will deem the beneficial owner of the Rights evidenced by this Right Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and such Assignment or Election to Purchase will not be honored.

B-9

Exhibit C

SUMMARY OF RIGHTS TO PURCHASE  
PREFERRED SHARES

Effective November 20, 1998, the Board of Directors of Continental Airlines, Inc. (the "Company") declared a dividend of one preferred share purchase right (a "Right") for each outstanding share of Class A Common Stock, par value \$.01 per share (the "Class A Common Shares"), Class B Common Stock, par value \$.01 per share (the "Class B Common Shares"), and Class D Common Stock, par value \$.01 per share (the "Class D Common Shares" and together with the Class A Common Shares and the Class B Common Shares, the "Common Shares"), of the Company. The dividend is payable on December 2, 1998 (the "Record Date") to the stockholders of record on that date. Each Right entitles the registered holder to purchase from the Company one one-thousandth of a share of Series A Junior Participating Preferred Stock, par value \$.01 per share (the "Preferred Shares"), of the Company, at a price of \$200 per one one-thousandth of a Preferred Share (the "Exercise Price"), subject to adjustment. The description and terms of the Rights are set forth in a Rights Agreement (the "Rights Agreement") between the Company and Harris Trust and

C-1

Savings Bank, as Rights Agent (the "Rights Agent").

Until the earlier of (i) the tenth day following a public announcement or public disclosure of facts indicating that a person or group of affiliated or associated persons (an "Acquiring Person") has acquired beneficial ownership of 15% or more of the total number of votes entitled to be cast generally by the holders of the Common Shares of the Company then outstanding, voting together as a single class (the "Voting Power"), or (ii) the tenth business day (or such later date as may be determined by action of the Board of Directors prior to such time as any Person becomes an Acquiring Person) following

the commencement of, or announcement of an intention to make, a tender offer or exchange offer the consummation of which would result in any Person becoming an Acquiring Person (the earlier of such dates being called the "Distribution Date"), the Rights will be evidenced, with respect to any of the Common Share certificates outstanding as of the Record Date, by such Common Share certificates with a copy of this Summary of Rights attached thereto.

Certain "exempt persons" are excluded from the definition of Acquiring Person including: (i) the Company, (ii) any Subsidiary of the Company, (iii) any employee benefit plan of the Company or any Subsidiary of the Company, (iv) any entity holding Common Shares for or pursuant to the terms of any such employee benefit plan, (v) Air Partners, L.P., a Texas limited

C-2

partnership ("Air Partners"), and its Controlled Affiliates so long as (A) the general partner of Air Partners is either Newbridge Parent Corporation, a Delaware corporation ("Newbridge"), or a Controlled Affiliate of Newbridge (including, without limitation, Northwest Airlines Corporation, a Delaware corporation ("NWA")) or a Person who is an Exempt Person under clause (ix) below and (B) a majority of the limited partnership interests of Air Partners are beneficially owned by NWA or a Controlled Affiliate of Newbridge (including, without limitation, NWA) or any Person who is an Exempt Person under clause (ix) below and (C) (1) until the earlier of the sixth anniversary of the closing of the transactions contemplated by the Investment Agreement, dated as of January 25, 1998, as amended, among NWA, Newbridge, Air Partners, the partners of Air Partners and certain of its affiliates (the "Investment Agreement") and the Purchase Agreement dated as of March 2, 1998 among NWA, Newbridge, Barlow Investors III, LLC and the Guarantors that are signatory thereto, and such time as NWA and its affiliates cease to beneficially own voting securities representing at least 10% of the Fully Diluted Voting Power (as defined in the Rights Agreement) (the "Governance Agreement Termination Time"), Air Partners does not acquire Beneficial Ownership of Common Shares other than as permitted by and in compliance with the terms of the Governance Agreement, dated as

C-3

of January 25, 1998, as amended, among the Company, NWA and Newbridge, (the "Governance Agreement") or, (2) at or after the Governance Agreement Termination Time while any provision of the Supplemental Agreement, dated as of November 20, 1998, by and among the Company, NWA and Newbridge (the "Supplemental Agreement"), remains in effect, Air Partners does not acquire any Common Shares other than in a transaction that is either (a) an Approved Purchase (as defined in the Rights Agreement), (b) otherwise approved by a majority of the "Independent Directors" (as defined in the Governance Agreement or the Supplemental Agreement as the case may be) or (c) a transaction that, if the Governance Agreement had been in effect, NWA or Newbridge would have been permitted to take under Section 1.01(a) thereof, (vi) NWA, Newbridge and any Controlled Affiliate of NWA or Newbridge (A) prior to the Governance Agreement Termination Time, so long as they do not take any action prohibited by the Governance Agreement, and (B) at or after the Governance Agreement Termination Time, so long as they do not take any action prohibited by the Supplemental Agreement; provided, however, that in the case of either (A) or (B) in this clause (vi), no action taken by NWA, Newbridge or any Controlled Affiliate of either of them shall be a violation of clause (vi) of the definition of exempt person in the Rights Agreement until the Company shall have delivered to Newbridge notice of the



violation and, if such violation is capable of being remedied, the Company's proposed remedy, in which case no violation shall have occurred for purposes of such clause (vi) unless the violation shall not have been remedied within 30 days following the Company's delivery to Newbridge of such notice, delivered in accordance with the Governance Agreement or the Supplemental Agreement (as the case may be), (vii) NWA, Newbridge and any Controlled Affiliate of NWA or Newbridge after the Governance Agreement Termination Time and while any provision of the Supplemental Agreement remains in effect so long as none of them acquires any Common Shares other than in a transaction that either (A) is an Approved Purchase, (B) is otherwise approved by a majority of the "Independent Directors" (as defined in the Governance Agreement or the Supplemental Agreement as the case may be), (C) results in the percentage of Fully Diluted Voting Power of the Common Shares beneficially owned by NWA, Newbridge and their Controlled Affiliates not exceeding the highest percentage of Fully Diluted Voting Power of the Common Shares previously beneficially owned by them, including as "beneficially owned" for purposes of such calculation any Common Shares with respect to which NWA, Newbridge or their Controlled Affiliates have been granted a proxy pursuant to the Investment Agreement, or (D) a transaction that, if the Governance Agreement had been in effect, NWA or Newbridge would have been

permitted to take under Section 1.01(a) thereof, (viii) David Bonderman, James Coulter or William S. Price, III, or any Person with respect to which one or more of them (A) directly or indirectly controls at least 50.1% of the voting power, (B) directly or indirectly controls at least 50.1% of the equity, or (C) directly or indirectly controls in a manner substantially similar to the control that the general partner of Air Partners has over Air Partners pursuant to and as provided in the "Partnership Agreement" (as defined in the Investment Agreement), which Persons described in clause (C) shall include 1998 CAI Partners, L.P., a Texas limited partnership, under its partnership agreement and ownership structure in effect on the date hereof (the "B/C/P Group"), (ix) any Person who, as a result of a transfer of (or an agreement to transfer) Common Shares by NWA, Newbridge or any Controlled Affiliate of NWA or Newbridge (which, if made prior to the Governance Agreement Termination Time, is made in accordance with the terms of the Governance Agreement or, if made on or after the Government Agreement Termination Time, is made in accordance with the terms of the Supplemental Agreement), becomes the beneficial owner of Common Shares representing 15% or more of the Voting Power of the Common Shares of the Company then outstanding; provided that such Person shall not have acquired Beneficial Ownership of Common Shares in addition to those acquired from Newbridge or its Controlled Affiliates other than with the affirmative vote of two-thirds of the members of the Board of Directors voting on the action (the "Required Board Vote"), and (x) any Person who,

as a result of a transfer of (or an agreement to transfer) Common Shares by any member of the B/C/P Group at such time as Newbridge and its Controlled Affiliates beneficially own Common Shares representing less than 25% of the Voting Power of the Company, becomes the beneficial owner of Common Shares representing 15% or more of the Voting Power of the Company then outstanding; provided that if Newbridge and its Controlled Affiliates

beneficially own Common Shares representing less than 25% of the Voting Power of the Company pursuant to a Government Order (as defined in the Investment Agreement), the Voting Power represented by the Common Shares transferred by all members of the B/C/P Group in accordance with clause (x) of the definition of exempt person in the Rights Agreement shall not exceed the greater of (i) the Voting Power represented at the time of such transfer of the Common Shares beneficially owned by the B/C/P Group as of the date of this Agreement (as adjusted for any dividends, subdivisions, combinations, recapitalizations or similar conversions, exchanges or transformations of shares) and (ii) the Voting Power that Newbridge and its Controlled Affiliates are permitted to beneficially own under the Government Order (except that this proviso shall not apply if Newbridge and its Controlled Affiliates beneficially own Common Shares representing less than 7.5% of the Voting Power of the Company); and provided further that such Person shall not have acquired Beneficial Ownership of Common Shares in addition to those acquired from any member of the B/C/P Group other than with the Required Board Vote.

The Rights Agreement provides that, until the Distribution Date, the Rights will be transferred with and only with the Common Shares. Until the Distribution Date (or earlier redemption or expiration of the Rights), new Common Share certificates issued after the Record Date, upon transfer or new issuance of Common Shares, will contain a notation incorporating the Rights Agreement by reference. Until the Distribution Date (or earlier redemption or expiration of the Rights), the surrender for transfer of any certificates for Common Shares outstanding as of the Record Date, even without such notation or a copy of this Summary of Rights being attached thereto, will also constitute the transfer of the Rights associated with the Common Shares represented by such certificate. As soon as practicable following the Distribution Date, separate certificates evidencing the Rights

C-7

("Right Certificates") will be mailed to holders of record of the Common Shares as of the close of business on the Distribution Date and such separate Right Certificates alone will evidence the Rights.

The Rights are not exercisable until the Distribution Date. The Rights will expire on November 20, 2008 (the "Final Expiration Date"), unless the Final Expiration Date is extended or unless the Rights are earlier redeemed or exchanged by the Company, in each case, as described below.

The Exercise Price payable, and the number of Preferred Shares or other securities or property issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Preferred Shares; (ii) upon the grant to holders of the Preferred Shares of certain rights, options or warrants to subscribe for or purchase Preferred Shares (or shares having the same rights, powers and preferences as the Preferred Shares) at a price, or securities convertible into Preferred Shares (or shares having the same rights, powers and preferences as the Preferred Shares) with a conversion price, less than the then current market price of the Preferred Shares or (iii) upon the distribution to holders of the Preferred Shares of evidences of indebtedness or assets (excluding regular periodic cash dividends or dividends payable in Preferred

C-8

Shares) or of subscription rights or warrants (other than those referred to above).

The number of outstanding Rights and the number of one one-thousandths of a Preferred Share issuable upon exercise of each Right are also subject to adjustment in the event of a stock dividend on the Common Shares payable in Common Shares or subdivisions, consolidations or combinations of the Common Shares occurring, in any such case, after the date of the Rights Agreement and prior to the Distribution Date.

Preferred Shares purchasable upon exercise of the Rights will not be redeemable. The holders of Preferred Shares shall be entitled to receive when, as and if declared by the Board of Directors out of funds legally available for the purpose, a quarterly dividend payment in an amount per share, subject to adjustment, equal to 1000 times the aggregate per share amount of all cash dividends, and 1000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in Common Shares, declared on the Common Shares. In the event of liquidation, the holders of the Preferred Shares will be entitled to receive an aggregate amount per share, subject to adjustment, equal to 1000 times the aggregate payment made per Common Share. Each Preferred Share will have 1000 votes, voting together with the Common Shares. In the event of any merger, consolidation or other

C-9

transaction in which Common Shares are exchanged, each Preferred Share will be entitled to receive 1000 times the amount received per Common Share. These rights are protected by customary antidilution provisions.

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 (x) the date of such event and (y) the Distribution Date acquired or beneficially owned by an Acquiring Person or an Associate or Affiliate (as such terms are defined in the Rights Agreement) of an Acquiring Person, such Rights shall become void, and any holder of such Rights shall thereafter have no right to exercise such Rights.

In the event that any Person becomes an Acquiring Person, proper provision shall be made so that each holder of a Right, other than Rights beneficially owned by the Acquiring Person and its Affiliates and Associates (which Rights will thereafter be void), will thereafter have the right to receive, upon exercise thereof, that number of Class B Common Shares having a market value of two times the Exercise Price of the Right. If the Company does not have sufficient Class B Common Shares to satisfy such obligation to issue Class B Common Shares, or if the Board of Directors so elects, the Company shall make adequate provision to substitute for such Class B Common Shares, upon payment of the applicable Exercise Price, an amount of cash,  
a

C-10

reduction in the Exercise Price, Preferred Shares or other equity or debt securities of the Company, or other assets equivalent in value to the Class B Common Shares issuable upon exercise of a Right; provided that, if the Company shall not have made adequate provision to deliver value within 30 days following the date a person becomes an Acquiring Person, the Company must deliver, upon exercise of a Right, but without requiring payment of the Exercise Price then in effect, Class B Common Shares (to the extent available) and cash equal in value to the difference

between the value of the Class B Common Shares otherwise issuable upon the exercise of a Right and the Exercise Price then in effect. The Board of Directors may extend the 30-day period for up to an additional 60 days to permit the taking of action that may be necessary to authorize sufficient additional Class B Common Shares to permit the issuance of Class B Common Shares upon the exercise in full of the Rights.

In the event that, at any time after a Person becomes an Acquiring Person, (i) the Company merges into any other Person, (ii) any Person merges into the Company and all of the outstanding Common Shares do not remain outstanding after such merger, or (iii) the Company sells 50% or more of its consolidated assets or earning power, proper provision will be made so that each holder of a Right will thereafter have the right to receive, upon the exercise thereof at the then current Exercise Price, in lieu of

C-11

Preferred Shares for which a Right is then exercisable, that number of shares of common stock of the acquiring corporation (including the Company as successor thereto or as the surviving corporation) which at the time of such transaction will have a market value of two times the Exercise Price of the Right.

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, the 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 Class B Common Share per Right (subject to adjustment). The Company may, at its option, substitute Preferred Shares or common stock equivalents for Class B Common Shares, at the rate of one one-thousandth of a Preferred Share for each Class B Common Share (subject to adjustment). No fractional Class B Common Shares will be issued and in lieu thereof, an adjustment in cash will be made based on the market price of the Class B Common Shares on the last trading day prior to the date of exchange.

With certain exceptions, no adjustment in the Exercise Price will be required until cumulative adjustments require an adjustment of at least 1% in such Exercise Price. No fractional Preferred Shares will be issued (other than fractions which are integral multiples of one one-thousandth of a Preferred Share which may, at the election of the Company, be evidenced by

C-12

depository receipts) upon exercise of the Rights and in lieu thereof, an adjustment in cash will be made based on the market price of the Preferred Shares on the last trading day prior to the date of exercise.

At any time prior to any person becoming an Acquiring Person, the Board of Directors, by the Required Board Vote, may redeem the Rights in whole, but not in part, at a price of \$.001 per Right (the "Redemption Price"). The redemption of the Rights may be made effective at such time, on such basis and subject to such conditions as the Board of Directors in its sole discretion may establish. Immediately upon any redemption of the Rights (or upon such later date as the Board of Directors shall specify in the resolution approving such 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 terms of the Rights may be amended by the Board of Directors, by the Required Board Vote, without the consent of the

holders of the Rights, except that from and after such time as any Person becomes an Acquiring Person no such amendment may adversely affect the interests of the holders of the Rights (other than the Acquiring Person and its Affiliates and Associates).

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends.

C-13

A copy of the Rights Agreement has been filed with the Securities and Exchange Commission as an Exhibit to a Registration Statement on Form 8-A dated November 20, 1998. A copy of the Rights Agreement is available free of charge to holders of the Rights from the Company after receipt of a written request therefor. This summary description of the Rights does not purport to be complete and is qualified in its entirety by reference to the Rights Agreement, which is hereby incorporated herein by reference.

C-14

CONTINENTAL AIRLINES, INC.  
ADOPTS STOCKHOLDER RIGHTS PLAN  
-----

HOUSTON, November 20, 1998 - Continental Airlines (NYSE: CAI.B and CAI.A) announced that in connection with the acquisition of certain shares of its capital stock by an affiliate of Northwest Airlines, Continental has adopted a stockholder rights plan, and has declared a dividend of one right for each outstanding share of Continental Class A Common Stock and Class B Common Stock, payable to stockholders of record as of the close of business on December 2, 1998.

The plan is intended to protect Continental and its stockholders against unfair or coercive takeover tactics and to help preserve the benefits of Continental's Alliance Agreement with Northwest Airlines. The plan is similar to stockholder protective plans adopted by many other companies.

The rights will trade automatically with the common stock and will not be exercisable until it is announced that a person or group has become an "acquiring person" by acquiring common stock representing 15% or more of the voting power of Continental's outstanding common stock, or a person or group commences a tender offer that will result in such person or group owning common stock representing 15% or more of the voting power of Continental's outstanding common stock. Thereafter, separate right certificates will be distributed, and each right will entitle its holder to purchase for an exercise price of \$200, a fraction of a share of participating preferred stock having economic and voting terms similar to one share of Class B Common Stock.

The rights plan excludes Air Partners, L.P., Northwest, certain former controlling persons of Air Partners and certain of their affiliates, as well as certain transferees of Northwest and of such controlling persons in certain circumstances from the definition of "acquiring person" subject to the satisfaction of requirements described in the rights agreement.

Upon announcement that any person or group has become an acquiring person, each right will entitle all rightholders (other than the acquiring person) to purchase, for the exercise price, a number of shares of Continental Class B Common Stock having a market value of twice the exercise price. Rightholders would also be entitled to purchase common stock of the acquiring person having a value of twice the exercise price if, after a person has become an acquiring person, Continental were to enter into certain mergers or other transactions. If any person becomes an acquiring person, the Continental Board of Directors may, at its option and subject to certain limitations, exchange one share of Class B Common Stock for each right.

The rights should not interfere with a transaction that the Continental Board of Directors determines is in the best interests of Continental and its stockholders, because the rights may be redeemed by the board for \$0.001 per right at any time prior to a person or group having become an acquiring person. The rights agreement does not in any way change Continental's financial position or interfere with or affect reported earnings per share, is not taxable to Continental or its stockholders, and will not change the way in which Continental shares are traded. A letter to Continental's stockholders regarding the rights agreement and a summary of certain terms of the agreement will be mailed by Continental after the December 2 record date.

Continental is the fifth largest airline in the U.S., offering more than 2,000 departures daily to 128 domestic and 69 international destinations. Operating major hubs in Newark, Houston and Cleveland, Continental is strategically positioned for transcontinental travel, and offers extensive services to Latin America and Europe via its Houston and Newark gateways.

ACQUISITION BY NORTHWEST OF AIR PARTNERS' INTERESTS COMPLETED

---

HOUSTON, November 20, 1998 - Continental Airlines (NYSE: CAI.B and CAI.A) announced today that an affiliate of Northwest Airlines has completed its acquisition of certain equity of Continental Airlines previously held by Air Partners and its affiliates, together with certain Class A stock held by certain other investors, totaling 8,661,224 shares of Class A stock. The stock has been deposited into a voting trust and will be voted in the same proportion as the votes of other stockholders during the six year term of the voting trust, subject to limited exceptions. Certain partners and affiliates of Air Partners have retained ownership of 853,644 shares of Class A stock and have granted Northwest a limited proxy to vote those shares.

In connection with the equity acquisition, Northwest has agreed to four additional years of restrictions on its ability to vote its stock after the expiration of the voting trust. Northwest has also agreed to the elimination of its previously negotiated right to have a designee elected to Continental's board, and has agreed to vote its stock during the next decade in favor of electing a majority of independent directors to Continental's board, subject to limited exceptions.

"We are pleased that this transaction has closed, so that we can turn our full attention to the successful implementation of our global alliance with Northwest," said Continental's chairman and chief executive officer, Gordon Bethune. "The corporate governance agreements we have struck with Northwest give Continental a decade of independence. Continental's 43,000 employees worldwide will keep delivering a great, on-time product to our customers every day, and our customers will soon benefit from more destinations, more frequencies, better connections and a better frequent flyer program as a result of our alliance with Northwest."



AMENDED AND RESTATED  
BY-LAWS  
OF  
CONTINENTAL AIRLINES, INC.

Including all amendments through November 20, 1998

TABLE OF CONTENTS

	Page
ARTICLE I Stockholders.....	1
Section 1.1 Annual Meeting .....	1
Section 1.2 Special Meetings .....	1
Section 1.3 Place of Meeting .....	2
Section 1.4 Notice of Meetings .....	2
Section 1.5 Quorum .....	2
Section 1.6 Voting .....	3
Section 1.7 Presiding Officer and Secretary .....	3
Section 1.8 Proxies .....	4
Section 1.9 List of Stockholders .....	4
Section 1.10 Notice of Stockholder Business and Nominations .....	5
Section 1.11 Inspectors of Elections; Opening and Closing the Polls .....	8
ARTICLE II Directors.....	9
Section 2.1 Powers and Duties of Directors; Number .....	9
Section 2.2 Election; Term; Vacancies .....	9
Section 2.3 Resignation .....	10
Section 2.4 Removal .....	10
Section 2.5 Meetings .....	10
Section 2.6 Quorum and Voting .....	11
Section 2.7 Written Consent of Directors in Lieu of a Meeting .....	12
Section 2.8 Compensation .....	12
ARTICLE III Committees of the Board of Directors.....	12
Section 3.1 Creation .....	12
Section 3.2 Committee Procedure .....	14
Section 3.3 Certain Definitions .....	14
ARTICLE IV Officers, Agents and Employees.....	14
Section 4.1 Appointment and Term of Office .....	14
Section 4.2 Resignation and Removal .....	15
Section 4.3 Compensation and Bond .....	15
Section 4.4 Chairman of the Board .....	16
Section 4.5 Chief Executive Officer .....	16
Section 4.6 President .....	16
Section 4.7 Chief Operating Officer .....	16
Section 4.8 Vice Presidents .....	17
Section 4.9 Treasurer .....	17
Section 4.10 Secretary .....	17
Section 4.11 Assistant Treasurers .....	18
Section 4.12 Assistant Secretaries .....	18

Section 4.13 Delegation of Duties .....18  
Section 4.14 Loans to Officers and Employees; Guaranty of  
Obligations of Officers and Employees .....18

ARTICLE V Indemnification.....19  
Section 5.1 Indemnification of Directors, Officers,  
Employees and Agents .....19

ARTICLE VI Common Stock.....21  
Section 6.1 Certificates .....21  
Section 6.2 Transfers of Stock .....21  
Section 6.3 Lost, Stolen or Destroyed Certificates .....22  
Section 6.4 Stockholder Record Date .....22

ARTICLE VII Ownership by Aliens.....23  
Section 7.1 Foreign Stock Record .....23  
Section 7.2 Maximum Percentage .....23  
Section 7.3 Recording of Shares .....24

ARTICLE VIII General Provisions.....25  
Section 8.1 Fiscal Year .....25  
Section 8.2 Dividends .....26  
Section 8.3 Checks, Notes, Drafts, Etc. ....25  
Section 8.4 Corporate Seal .....25  
Section 8.5 Waiver of Notice .....25

ARTICLE IX Restated Certificate of Incorporation to Govern....26  
Section 9.1 Restated Certificate of  
Incorporation to Govern .....26

AMENDED AND RESTATED

BY-LAWS

OF

CONTINENTAL AIRLINES, INC.

Incorporated under the Laws of the State of Delaware

ARTICLE I

Stockholders

-----

Section 1.1 Annual Meeting. The annual meeting of stockholders of the Corporation for the election of Directors and for the transaction of any other proper business shall be held at such time and date in each year as the Board of Directors may determine from time to time. The annual meeting in each year shall be held at such place within or without the State of Delaware as may be fixed by the Board of Directors, or if not so fixed, at the principal business office of the Corporation.

Section 1.2 Special Meetings. Subject to the rights of the holders of any class or series of preferred stock of the Corporation, or any other series or class of stock as set forth in the Restated Certificate of Incorporation of the Corporation (as it may be amended from time to time in accordance with its terms and applicable law, the "Restated Certificate of Incorporation"), to elect additional Directors under specified circumstances, special meetings of the stockholders may be called only by (i) stockholders holding Common Stock constituting more than 50% of the voting power of the outstanding shares of Common Stock, (ii) the Chief Executive Officer or (iii) the Board of

Directors.

Section 1.3 Place of Meeting. The Board of Directors may designate the place of meeting for any meeting of the stockholders. If no designation is made by the Board of Directors, the place of meeting shall be the principal executive offices of the Corporation.

Section 1.4 Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, unless notice is waived in writing by all stockholders entitled to vote at the meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose for which the meeting is called.

Unless otherwise provided by law, and except as to any stockholder duly waiving notice, the written notice of any meeting shall be given personally or by mail, not less than ten nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, notice shall be deemed given when deposited in the mail, postage prepaid, directed to the stockholder at his or her address as it appears on the records of the Corporation.

When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If, however, the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 1.5 Quorum. Except as otherwise provided by law, by the Restated Certificate of Incorporation, or by these By-Laws in respect of the vote required for a specified action, at any meeting of stockholders the holders of a majority of the aggregate voting power of the

2

outstanding stock entitled to vote thereat, either present or represented by proxy, shall constitute a quorum for the transaction of any business, but the stockholders present, although less than a quorum, may adjourn the meeting to another time or place and, except as provided in the last paragraph of Section 1.4, notice need not be given of the adjourned meeting.

Section 1.6 Voting. Except as otherwise provided by the Restated Certificate of Incorporation or these By-Laws, whenever Directors are to be elected at a meeting, they shall be elected by a plurality of the votes cast at the meeting by the holders of stock entitled to vote. Whenever any corporate action, other than the election of Directors, is to be taken by vote of stockholders at a meeting, it shall be authorized by a majority of the votes cast at the meeting by the holders of stock entitled to vote thereon, except as otherwise required by law, by the Restated Certificate of Incorporation or by these By-Laws.

Except as otherwise provided by law, or by the Restated Certificate of Incorporation or these By-Laws, each holder of record of stock of the Corporation entitled to vote on any matter at any meeting of stockholders shall be entitled to one vote for each share of such stock standing in the name of such holder on the stock ledger of the Corporation on the record date for the

determination of the stockholders entitled to vote at the meeting.

Upon the demand of any stockholder entitled to vote, the vote for Directors or the vote on any other matter at a meeting shall be by written ballot, but otherwise the method of voting and the manner in which votes are counted shall be discretionary with the presiding officer at the meeting.

Section 1.7 Presiding Officer and Secretary. At every meeting of stockholders the Chairman of the Board or the Chief Executive Officer, as designated by the Board of Directors, or, if neither is present, or in the absence of any such designation, the appointee of the meeting,

3

shall preside. The Secretary, or in his or her absence an Assistant Secretary, or if none be present, the appointee of the presiding officer of the meeting, shall act as secretary of the meeting.

Section 1.8 Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for him or her by proxy executed in writing by the stockholder or as otherwise permitted by law, or by his or her duly authorized attorney-in-fact. Such proxy must be filed with the Secretary of the Corporation or his or her representative at or before the time of the meeting.

Section 1.9 List of Stockholders. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

The stock ledger shall be the only evidence as to which stockholders are the stockholders entitled to examine the stock ledger or the list required by this Section 1.9, or to vote in person or by proxy at any meeting of stockholders.

4

Section 1.10 Notice of Stockholder Business and Nominations.

(A) Annual Meetings of Stockholders. (1) Subject to Section 2.2 of these By-Laws, nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the Corporation's notice of meeting delivered pursuant to Section 1.4 of these By-Laws, (b) by or at the direction of the Board of Directors or (c) by any stockholder of the Corporation who is entitled to vote at the meeting, who complied with the notice procedures set forth in clauses (2) and (3) of paragraph (A) of this Section 1.10 and who was a stockholder of record at the time such notice is delivered to the Secretary of the Corporation.

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (A) (1) of this Section 1.10, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than seventy days nor more than ninety days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than twenty days, or delayed by more than seventy days, from such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the ninetieth day prior to such annual meeting and not later than the close of business on the later of the seventieth day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a Director all information relating to such person that is required to be disclosed in solicitations of proxies for election of Directors, or is otherwise

5

required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including such person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner and (ii) the class and number of shares of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner.

(3) Notwithstanding anything in the second sentence of paragraph (A) (2) of this Section 1.10 to the contrary, in the event that the number of Directors to be elected to the Board of Directors is increased and there is no public announcement naming all of the nominees for Director or specifying the size of the increased Board of Directors made by the Corporation at least eighty days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 1.10 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such public announcement is first made by the Corporation.

(B) Special Meeting of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the

6

Corporation's notice of meeting pursuant to Section 1.4 of these By-Laws. Subject to Section 2.2 of these By-Laws, nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which Directors are to be

elected pursuant to the Corporation's notice of meeting (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the Corporation who is entitled to vote at the meeting, who complies with the notice procedures set forth in this Section 1.10 and who is a stockholder of record at the time such notice is delivered to the Secretary of the Corporation. Nominations by stockholders of persons for election to the Board of Directors may be made at such a special meeting of stockholders if the stockholder's notice as required by paragraph (A) (2) of this Section 1.10 shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the ninetieth day prior to such special meeting and not later than the close of business on the later of the seventieth day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting.

(C) General. (1) Only persons who are nominated in accordance with the procedures set forth in this Section 1.10 shall be eligible to serve as Directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.10. Except as otherwise provided by law, the Restated Certificate of Incorporation or these By-Laws, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 1.10 and, if any proposed nomination or business is not in compliance with this Section 1.10, to declare that such defective proposal or nomination shall be disregarded.

7

(2) For purposes of this Section 1.10, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 1.10, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 1.10. Nothing in this Section 1.10 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 1.11 Inspectors of Elections; Opening and Closing the Polls. The Board of Directors by resolution shall appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives of the Corporation, to act at the meeting and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act, or if all inspectors or alternates who have been appointed are unable to act, at the meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by the General Corporation Law of the State of Delaware (the "GCL").

8

The chairman of the meeting shall fix and announce at the meeting the time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting.

## ARTICLE II

### Directors -----

Section 2.1 Powers and Duties of Directors; Number. The business of the Corporation shall be managed by or under the direction of the Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not directed or required to be exercised or done by the stockholders by the Restated Certificate of Incorporation, by these By-Laws, or by law. Except as otherwise permitted by or consistent with Foreign Ownership Restrictions (as defined in the Restated Certificate of Incorporation), at no time shall more than one-third of the Directors in office be Aliens (as defined in the Restated Certificate of Incorporation). The Board shall adopt the Annual Capital Expenditure Budget and the Annual Financial Plan, both as defined in Section 3.3, for each fiscal year not later than the last day of the preceding fiscal year or at such later time as shall be determined by resolution of the Board.

The number of Directors which shall constitute the whole Board of Directors shall be determined from time to time by resolution of the Board of Directors (provided that no decrease in the number of Directors which would have the effect of shortening the term of an incumbent Director may be made by the Board of Directors). If the Board of Directors makes no such determination, the number of Directors shall be twelve.

Section 2.2. Election; Term; Vacancies. Each Director shall hold office until the next annual election and until his or her successor is elected and qualified, or until his earlier death, resignation or removal. The Directors shall be elected annually by the stockholders in the

9

manner specified by the Restated Certificate of Incorporation and these By-Laws, except that if there be a vacancy in the Board of Directors by reason of death, resignation or otherwise, such vacancy may also be filled for the unexpired term by a majority affirmative vote of the Board of Directors; provided, that in the event of a vacancy by reason of death, resignation or otherwise of a Class D Director, such vacancy shall be filled for the unexpired term by the holders of Class D Common Stock, voting separately as a class by a majority affirmative vote thereof.

Section 2.3 Resignation. Any Director may resign at any time upon written notice to the Corporation. Any such resignation shall take effect at the time specified therein or, if the time be not specified, upon receipt thereof, and the acceptance of such resignation, unless required by the terms thereof, shall not be necessary to make such resignation effective.

Section 2.4 Removal. Any Director may be removed at any time, with or without cause, by vote at a meeting or written consent of the holders of stock entitled to vote on the election of such Director pursuant to the Restated Certificate of Incorporation.

### Section 2.5 Meetings.

(A) Annual Meeting. Immediately after each annual meeting of stockholders, the duly elected Directors shall hold an inaugural meeting for the purpose of organization, election of

officers, and the transaction of other business, at such place as shall be fixed by the person presiding at the meeting of stockholders at which such Directors are elected.

(B) Regular Meetings. Regular meetings of the Board of Directors shall be held on such dates and at such times and places as shall be designated from time to time by the Board of Directors; provided, that regular meetings of the Board of Directors can be waived at the request of the Chief Executive Officer if at least a majority of the Directors agree in writing to such waiver at least seven days before the date of the meeting to be so waived. The Secretary shall

10

forward to each Director, at least five days before any such regular meeting, a notice of the time and place of the meeting, together with the agenda for the meeting or in lieu thereof a notice of waiver if the regular meeting has been waived.

(C) Special Meetings. Special meetings of the Directors may be called by the Chairman of the Board, the Chairman of the Executive Committee, the Chief Executive Officer or a majority of the Directors, at such time and place as shall be specified in the notice or waiver thereof. Notice of each special meeting, including the time and place of the meeting and the agenda therefor, shall be given by the Secretary or by the person calling the meeting to each Director by causing the same to be delivered personally or by facsimile transmission not later than the close of business on the second day next preceding the day of the meeting.

(D) Location; Methods of Participation. Meetings of the Board of Directors, regular or special, may be held at any place within or without the State of Delaware at such place as is indicated in the notice or waiver of notice thereof. Members of the Board of Directors, or of any committee designated by the Board, may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

Section 2.6 Quorum and Voting. A majority of the total number of Directors (excluding those who must recuse themselves under the terms of the Restated Certificate of Incorporation or these By-Laws, or by law) ("Recused Directors") shall constitute a quorum for the transaction of business, but, if there be less than a quorum at any meeting of the Board of Directors, a majority of the Directors present may adjourn the meeting from time to time, and no further notice thereof need be given other than announcement at the meeting which shall be so

11

adjourned. Except as otherwise provided by law, by the Restated Certificate of Incorporation, or by these By-Laws, the affirmative vote of a majority of the Directors present at a meeting (excluding Recused Directors) at which a quorum is present shall be the act of the Board of Directors; provided, however, that no action described in Exhibit 2.03 to that certain Governance Agreement dated as of January 25, 1998 (as amended by First Amendment to Governance Agreement dated as of March 2, 1998 and by Second Amendment to Governance Agreement dated as of November 20, 1998) among the Corporation, Newbridge Parent Corporation and Northwest Airlines Corporation (the "Governance Agreement") shall be taken without prior approval thereof by the affirmative vote of a majority of the Board of Directors,



including the affirmative vote of a majority of the Independent Directors (as defined in the Governance Agreement).

Section 2.7 Written Consent of Directors in Lieu of a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board or of such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 2.8 Compensation. Directors may receive compensation for services to the Corporation in their capacities as Directors or otherwise in such manner and in such amounts as may be fixed from time to time by the Board of Directors.

### ARTICLE III

#### Committees of the Board of Directors

-----

Section 3.1 Creation. The Board of Directors, by resolution or resolutions passed by a majority of the whole Board of Directors (except as otherwise provided in the Restated

12

Certificate of Incorporation), may designate one or more committees, each to consist of such number of Directors of the Corporation as shall be specified in such resolution; provided that for so long as there shall be any Class D Directors (as defined in Section 3.3), any such committee shall include (if so requested by any Class D Director), to the extent consistent with applicable laws and regulations, such number of Class D Directors as shall not be greater than the number of Directors equal to the same percentage of the Directors comprising such committee as the percentage of the total number of Class D Directors on the whole Board of Directors; provided further, that for so long as there shall be any Class D Directors, any executive or other similar committee of the Board with full power to take all actions which may lawfully be taken by the Board, and any nominating committee of the Board, shall consist, to the extent consistent with applicable laws and regulations, only of a Director that is an officer of the Corporation (or his or her designee) and a Class D Director. Each committee of the Board shall have and may exercise such powers and duties as may be provided in such resolution, except that no such committee shall have the power to elect Directors or the power or authority reserved for the whole Board of Directors pursuant to Section 141(c)(1) of the GCL, except as otherwise set forth in such Section 141(c)(1). The chairperson of the Executive Committee shall, as long as Air Partners (as defined in the Restated Certificate of Incorporation) may convert (or has converted) shares of Class A common stock of the Corporation into Class D common stock of the Corporation pursuant to Article Fourth, Section 2(e)(i) of the Restated Certificate of Incorporation and such Class D common stock would not then be (or has not been) converted into Class A common stock pursuant to Article Fourth, Section 2(e)(ii) or (iii) of the Restated Certificate of Incorporation, be appointed from among the members of such committee by a majority of the whole Board of Directors.

13

Section 3.2 Committee Procedure. Each committee of the Board of Directors shall meet at the times stated by the Board in the resolution or resolutions establishing such committee or on notice to all members given by any member of such committee. The Board by resolution or resolutions shall establish the rules of procedure to be followed by each committee, which shall include a

requirement that such committee keep regular minutes of its proceedings and deliver to the Secretary the same. The affirmative vote of a majority of the members of any such committee shall constitute the act of such committee.

### Section 3.3 Certain Definitions.

(A) Annual Capital Expenditure Budget. When used in these By-Laws, the term "Annual Capital Expenditure Budget" shall mean an annual capital expenditure budget, which shall be approved by the Board of Directors not later than the last day of the preceding fiscal year (or at such later time determined by the Board pursuant to Section 2.1).

(B) Annual Financial Plan. When used in these By-Laws, the term "Annual Financial Plan" shall mean an annual financial plan, which shall be approved by the Board of Directors not later than the last day of the preceding fiscal year (or at such later time determined by the Board pursuant to Section 2.1).

(C) Class D Director. When used in these By-Laws, the term "Class D Director" shall mean a Director elected by the holders of Class D Common Stock or elected by Directors to fill a vacancy created by the departure of a Class D Director.

## ARTICLE IV

### Officers, Agents and Employees

-----

Section 4.1 Appointment and Term of Office. The officers of the Corporation shall include a Chairman of the Board, a Chief Executive Officer, a President, and a Secretary, and

14

may also include a Chief Operating Officer, a Treasurer, one or more Vice Presidents (who may be further classified by such descriptions as "executive", "senior", "assistant", "staff" or otherwise, as the Board of Directors shall determine), one or more Assistant Secretaries and one or more Assistant Treasurers. All such officers shall be appointed by the Board of Directors. Any number of such offices may be held by the same person, but no officer shall execute, acknowledge or verify any instrument in more than one capacity. Except as may be prescribed otherwise by the Board of Directors in a particular case, all such officers shall hold their offices at the pleasure of the Board for an unlimited term and need not be reappointed annually or at any other periodic interval. The Board of Directors may appoint, and may delegate power to appoint, such other officers, agents and employees as it may deem necessary or proper, who shall hold their offices or positions for such terms, have such authority and perform such duties as may from time to time be determined by or pursuant to authorization of the Board of Directors.

Section 4.2 Resignation and Removal. Any officer may resign at any time upon written notice to the Corporation. Any officer, agent or employee of the Corporation may be removed by the Board of Directors with or without cause at any time. The Board of Directors may delegate such power of removal as to officers, agents and employees not appointed by the Board of Directors. Such removal shall be without prejudice to a person's contract rights, if any, but the appointment of any person as an officer, agent or employee of the Corporation shall not of itself create contract rights.

Section 4.3 Compensation and Bond. The compensation of the officers of the Corporation shall be fixed by the Board of Directors, but this power may be delegated to any officer by the Board of Directors. The Corporation may secure the fidelity of any or all of its officers, agents or employees by bond or otherwise.

Section 4.4 Chairman of the Board. The Chairman of the Board shall be selected from the members of the Board of Directors and shall preside at all meetings of the Board of Directors. In addition, the Chairman of the Board shall have such other powers and duties as may be delegated to him or her by the Board of Directors. The Chairman of the Board shall not be deemed to be an officer of the Corporation for purposes of Article III of these By-Laws unless he or she shall also be the Chief Executive Officer.

Section 4.5 Chief Executive Officer. The Chief Executive Officer shall be the chief executive officer of the Corporation and, in the absence of the Chairman of the Board (or if there be none), he or she shall preside at all meetings of the Board of Directors. The Chief Executive Officer shall have general charge of the business affairs of the Corporation. He or she may employ and discharge employees and agents of the Corporation, except such as shall be appointed by the Board of Directors, and he or she may delegate these powers. The Chief Executive Officer may vote the stock or other securities of any other domestic or foreign corporation of any type or kind which may at any time be owned by the Corporation, may execute any stockholders' or other consents in respect thereof and may in his or her discretion delegate such powers by executing proxies, or otherwise, on behalf of the Corporation. The Board of Directors by resolution from time to time may confer like powers upon any other person.

Section 4.6 President. The President shall have such powers and perform such duties as the Board of Directors or the Chief Executive Officer may from time to time prescribe.

Section 4.7 Chief Operating Officer. The Chief Operating Officer of the Company shall have general charge of the operating affairs of the Corporation, and shall have such other

powers and duties as the Chief Executive Officer or the Board of Directors shall delegate to him or her from time to time.

Section 4.8 Vice Presidents. Each Vice President shall have such powers and perform such duties as the Board of Directors or the Chief Executive Officer may from time to time prescribe.

Section 4.9 Treasurer. The Treasurer shall have charge of all funds and securities of the Corporation, may endorse the same for deposit or collection when necessary and deposit the same to the credit of the Corporation in such banks or depositaries as the Board of Directors may authorize. He or she may endorse all commercial documents requiring endorsements for or on behalf of the Corporation and may sign all receipts and vouchers for payments made to the Corporation. He or she shall have all such further powers and duties as generally are incident to the position of Treasurer or as may be assigned to him or her by the Board of Directors or the Chief Executive Officer.

Section 4.10 Secretary. The Secretary shall distribute all materials to be distributed in connection with regular and special meetings of the Board of Directors, record all the proceedings of the meetings of the stockholders and Directors in a book to be kept for that purpose and shall also record therein all action taken by written consent of the Directors, and committees of the Board of Directors in lieu of a meeting. He or she shall attend to the giving and serving of all notices of the Corporation. He or she shall have custody of the seal of the

Corporation and shall attest the same by his or her signature whenever required. He or she shall have charge of the stock ledger and such other books and papers as the Board of Directors may direct, but he or she may delegate responsibility for maintaining the stock ledger to any transfer agent appointed by the Board of Directors. He or she shall have all such further powers and

duties as generally are incident to the position of Secretary or as may be assigned to him or her by the Board of Directors or the Chief Executive Officer.

Section 4.11 Assistant Treasurers. In the absence or inability to act of the Treasurer, any Assistant Treasurer may perform all the duties and exercise all the powers of the Treasurer. The performance of any such duty shall, in respect of any other person dealing with the Corporation, be conclusive evidence of his or her power to act. An Assistant Treasurer shall also perform such other duties as the Treasurer or the Board of Directors may assign to him or her.

Section 4.12 Assistant Secretaries. In the absence or inability to act of the Secretary, any Assistant Secretary may perform all the duties and exercise all the powers of the Secretary. The performance of any such duty shall, in respect of any other person dealing with the Corporation, be conclusive evidence of his or her power to act. An Assistant Secretary shall also perform such other duties as the Secretary or the Board of Directors may assign to him or her.

Section 4.13 Delegation of Duties. In case of the absence of any officer of the Corporation, or for any other reason that the Board of Directors may deem sufficient, the Board of Directors may confer for the time being the powers or duties, or any of them, of such officer upon any other officer or upon any Director.

Section 4.14 Loans to Officers and Employees; Guaranty of Obligations of Officers and Employees. The Corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the Corporation or any subsidiary, including any officer or employee who is a Director of the Corporation or any subsidiary, whenever, in the judgment of the Directors, such loan, guaranty or assistance may reasonably be expected to benefit the Corporation. The loan, guaranty or other assistance may be with or without interest, and may be

unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the Corporation.

## ARTICLE V

### Indemnification -----

Section 5.1 Indemnification of Directors, Officers, Employees and Agents. 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 Directors of the Corporation shall be eliminated or limited to the full extent permitted by the GCL, as so amended.

The Corporation shall indemnify to the full extent permitted by the laws of the State of Delaware as from time to time in effect any person who was or is a party or is threatened to be made a party to, or otherwise requires representation by counsel in connection with, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (whether or not an action by or in the right of the Corporation), by reason of the fact that he or she is or was a Director or officer of the Corporation, or, while serving as a Director or officer of the Corporation, 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, or by reason of any action alleged to have been taken or

19

omitted in such capacity. The right to indemnification conferred by this Article V also shall include the right of such persons to be paid in advance by the Corporation for their expenses (including attorneys' fees) to the full extent permitted by the laws of the State of Delaware, as from time to time in effect. The right to indemnification conferred on such persons by this Article V shall be a contract right.

Unless otherwise determined by the Board of Directors, the Corporation shall indemnify to the full extent permitted by the laws of the State of Delaware as from time to time in effect any person who was or is a party or is threatened to be made a party to, or otherwise requires representation by counsel in connection with, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (whether or not an action by or in the right of the Corporation), by reason of the fact that he or she is or was an employee (other than an officer) 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, or by reason of any action alleged to have been taken or omitted in such capacity.

The rights and authority conferred in this Article V shall not be exclusive of any other right which any person seeking indemnification or advancement of expenses may have or hereafter acquire under any statute, provision of the Restated Certificate of Incorporation or these By-Laws, agreement, vote of stockholders or disinterested Directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office and shall 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. Neither the amendment or repeal of this Article V nor the adoption of any provision of the

20

Restated Certificate of Incorporation or these By-Laws or of any statute inconsistent with this Article V shall eliminate or reduce the effect of this Article V in respect of any acts or omissions occurring prior to such amendment, repeal or adoption or an inconsistent provision.

ARTICLE VI

## Common Stock

-----

Section 6.1 Certificates. Certificates for stock of the Corporation shall be in such form as shall be approved by the Board of Directors and shall be signed in the name of the Corporation by the Chairman of the Board or the Chief Executive Officer or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary. Such certificates may be sealed with the seal of the Corporation or a facsimile thereof. Any of or all the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

Section 6.2 Transfers of Stock. Upon surrender to any transfer agent of the Corporation of a certificate for shares of the Corporation duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation, provided such succession, assignment or transfer is not prohibited by the Restated Certificate of Incorporation, these By-Laws, applicable law or contractual prohibitions, to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

21

Section 6.3 Lost, Stolen or Destroyed Certificates. The Corporation may issue a new stock certificate in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate or his or her legal representative to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate. The Board of Directors may require such owner to satisfy other reasonable requirements.

Section 6.4 Stockholder Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than 60 nor less than ten days before the date of such meeting, nor more than 60 days prior to any other action. Only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to notice of, and to vote at, such meeting and any adjournment thereof, or to give such consent, or to receive payment of such dividend or other distribution, or to exercise such rights in respect of any such change, conversion or exchange of stock, or to participate in such action, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after any record date so fixed.

If no record date is fixed by the Board of Directors, (a) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the date on which notice is given, or, if notice is waived by

all stockholders entitled to vote at the meeting, at the close of business on the day next preceding the day on which the meeting is held and (b) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

#### ARTICLE VII

##### Ownership by Aliens

-----

Section 7.1 Foreign Stock Record. There shall be maintained a separate stock record, designated the "Foreign Stock Record," for the registration of Voting Stock, as defined in Section 7.2, that is Beneficially Owned (as defined in the Restated Certificate of Incorporation) by Aliens, as defined in the Restated Certificate of Incorporation ("Alien Stock"). The Beneficial Ownership by Aliens of Voting Stock shall be determined in conformity with regulations prescribed by the Board of Directors.

Section 7.2 Maximum Percentage. At no time shall ownership of shares representing more than the Maximum Percentage, as defined below, be registered in the Foreign Stock Record. As used herein, (a) "Maximum Percentage" means the maximum percentage of voting power of Voting Stock, as defined below, which may be voted by, or at the direction of, Aliens without violating Foreign Ownership Restrictions or adversely affecting the Corporation's operating certificates or authorities, and (b) "Voting Stock" means all outstanding shares of capital stock of the Corporation issued from time to time by the Corporation and Beneficially Owned by Aliens which, but for the provisions of Section 1 of Article Sixth of the Restated

Certificate of Incorporation, by their terms may vote (at the time such determination is made) for the election of Directors of the Corporation, except shares of Preferred Stock that are entitled to vote for the election of Directors solely as a result of the failure to pay dividends by the Corporation or other breach of the terms of such Preferred Stock.

Section 7.3 Recording of Shares. If at any time there exist shares of Voting Stock that are Alien Stock but that are not registered in the Foreign Stock Record, the Beneficial Owner thereof may request, in writing, the Corporation to register ownership of such shares on the Foreign Stock Record and the Corporation shall comply with such request, subject to the limitation set forth in Section 7.2. The order in which Alien Stock shall be registered on the Foreign Stock Record shall be chronological, based on the date the Corporation received a written request to so register such shares of Alien Stock; provided, that for so long as any transferee of Air Partners is an Alien, shares of Voting Stock held by such transferee which were originally acquired by Air Partners pursuant to the Investment Agreement, dated as of November 9, 1992, as amended, among the Corporation, Air Canada and Air Partners (the "Investment Agreement"), or upon conversion or exchange of such securities, or as a dividend or distribution in respect of such securities (collectively "AP Original Equity Securities") shall

be registered on the Foreign Ownership Record prior to, and to the exclusion of, any other shares of Alien Stock whether or not any such other shares of Alien Stock are registered on the Foreign Stock Record at the time that any such transferee of Air Partners requests that shares of AP Original Equity Securities be so registered. If at any time the Corporation shall find that the combined voting power of Voting Stock then registered in the Foreign Stock Record exceeds the Maximum Percentage, there shall be removed from the Foreign Stock Record the registration of such number of shares so registered as is sufficient to reduce the combined voting power of the shares

so registered to an amount not in excess of the Maximum Percentage. The order in which such shares shall be removed shall be reverse chronological order based upon the date the Corporation received a written request to so register such shares of Alien Stock; provided, that for so long as any transferee of Air Partners is an Alien, shares of AP Original Equity Securities owned by such transferee shall not be removed from the Foreign Ownership Record (regardless of the date on which such shares were registered thereon) until all other outstanding shares of Alien Stock have been so removed.

ARTICLE VIII

General Provisions  
-----

Section 8.1 Fiscal Year. The fiscal year of the Corporation shall begin the first day of January and end on the last day of December of each year.

Section 8.2 Dividends. Dividends upon the capital stock may be declared by the Board of Directors at any regular or special meeting and may be paid in cash or in property or in shares of the capital stock. Before paying any dividend or making any distribution of profits, the Directors may set apart out of any funds of the Corporation available for dividends a reserve or reserves for any proper purpose and may alter or abolish any such reserve or reserves.

Section 8.3 Checks, Notes, Drafts, Etc. Checks, notes, drafts, acceptances, bills of exchange and other orders or obligations for the payment of money shall be signed by such officer or officers or person or persons as the Board of Directors or a duly authorized committee thereof, the Chief Executive Officer or the Treasurer may from time to time designate.

Section 8.4 Corporate Seal. The seal of the Corporation shall be circular in form and shall bear, in addition to any other emblem or device approved by the Board of Directors, the name of the Corporation, the year of its incorporation and the words "Corporate Seal" and

"Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

Section 8.5 Waiver of Notice. Whenever notice is required to be given by statute, or under any provision of the Restated Certificate of Incorporation or these By-Laws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. In the case of a stockholder, such waiver of notice may



be signed by such stockholder's attorney or proxy duly appointed in writing. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, Directors or members of a committee of Directors need be specified in any written waiver of notice.

ARTICLE IX

Restated Certificate of Incorporation to Govern  
-----

Section 9.1 Restated Certificate of Incorporation to Govern. Notwithstanding anything to the contrary herein, if any provision contained herein is inconsistent with or conflicts with a provision of the Restated Certificate of Incorporation, such provision herein shall be superseded by the inconsistent provision in the Restated Certificate of Incorporation, to the extent necessary to give effect to such provision in the Restated Certificate of Incorporation.

NORTHWEST AIRLINES/AIR PARTNERS VOTING TRUST AGREEMENT

This Northwest Airlines/Air Partners Voting Trust Agreement (this "Agreement") dated as of the 20th day of November, 1998, by and among (i) Continental Airlines, Inc., a Delaware corporation ("Continental" or the "Company"), (ii) Northwest Airlines Corporation, a Delaware corporation (formerly Newbridge Parent Corporation "NPC"), and Northwest Airlines Holdings Corporation, a Delaware corporation (formerly Northwest Airlines Corporation, "NWA"), (iii) Air Partners, L.P., a Texas limited partnership ("Air Partners" and, together with NPC and NWA, the "Stockholders" and each, a " Stockholder"), and (iv) Wilmington Trust Company, a Delaware banking corporation.

W I T N E S S E T H :  
- - - - -

WHEREAS, pursuant to the Investment Agreement dated as of January 25, 1998, among NWA, NPC, Air Partners, the partners of Air Partners that are signatories to the Investment Agreement, Bonderman Family Limited Partnership, 1992 Air, Inc. and Air Saipan, Inc., as amended by Amendment No. 1 thereto dated as of February 27, 1998 and as further amended by Amendment No. 2 thereto dated as of the date hereof (the "Investment Agreement"), NWA and NPC have acquired Beneficial Ownership of 8,535,868

shares (the "AP Shares") of the Company's Class A Common Stock, par value \$.01 per share (the "Class A Common Stock"); and

WHEREAS, NPC and NWA Beneficially Own an additional 979,000 shares of Class A Common Stock (the "Additional Shares") pursuant to the Barlow Agreement; and

WHEREAS, the Governance Agreement dated as of January 25, 1998, among the Company, NWA and NPC, as amended by the First Amendment thereto dated as of March 2, 1998 and the Second Amendment thereto dated as of the date hereof (such agreement, as so amended, the "Governance Agreement"), requires NWA and NPC to cause Air Partners to deposit the shares of Class A Common Stock of which NWA and NPC have acquired beneficial ownership pursuant to the Investment Agreement (except for such 853,644 shares with respect to which NWA and NPC or their designees have been granted a proxy pursuant to the Investment Agreement) in a voting trust;

WHEREAS, the Governance Agreement also requires NWA and NPC to deposit any other Voting Securities Beneficially Owned by either of them or any of their Affiliates (except for such 853,644 shares with respect to which NWA and NPC or their designees have been granted a proxy pursuant to the Investment Agreement) into the same voting trust;

WHEREAS, the parties hereto desire to establish the voting trust contemplated in the Governance Agreement and to

-2-

deposit into such trust the AP Shares and the Additional Shares; and

WHEREAS, each Stockholder has advised the Trustee that it intends to file all required disclosure information and other filings as required by applicable securities law and regulations relating to its respective beneficial ownership of the Shares, including but not limited to the Securities Act of 1933 and the Exchange Act of 1934.

NOW, THEREFORE, in consideration of the premises and the

mutual covenants contained herein, and using capitalized terms to have their respective meanings set forth in Section 14 hereof, the parties hereto agree as follows:

Section 1. Creation of Voting Trust. Subject to the terms and conditions hereof, there is hereby created and established a voting trust in respect of the Shares to be known as the "Northwest Airlines/Air Partners Voting Trust." The Trustee hereby accepts the trust created hereby and agrees to serve as trustee hereunder. The Trustee promptly shall file an executed copy of this Agreement at the registered office of the Company in the State of Delaware, which copy shall be open to the inspection of any stockholder of the Company, or any beneficiary of the Trust, daily during business hours, as provided in Section 218 of the Delaware General Corporation Law.

-3-

Section 2. Deposit of Shares. (a) Subject to the provisions of Section 2(b) hereof, each of Air Partners, NWA and NPC shall, simultaneously with the consummation on the date hereof of the transactions contemplated by the Investment Agreement and the Barlow Agreement, transfer and deliver to the Trustee, to be held by it pursuant to the provisions of this Agreement, the certificate or certificates representing all of the Shares Beneficially Owned by the Stockholders (except that for purposes of the foregoing, any shares Beneficially Owned by the Stockholders solely as a result of any proxy granted to them pursuant to the Investment Agreement shall not be required to be so deposited), duly endorsed in blank or to the Trustee, or accompanied by proper instruments of assignment and transfer duly executed in blank or to the Trustee. After the filing of a copy of this Agreement in the registered office of the Company in the State of Delaware as provided in Section 1 hereof, each certificate representing Shares so transferred to the Trustee shall be surrendered to the Company and cancelled, and new certificates therefor shall be issued to, and in the name of, the Trustee. Such certificates shall state that they have been issued pursuant to this Agreement and that fact shall be noted in the stock ledger of the Company as required by Section 218 of the Delaware General Corporation Law. The shareholdings of each

-4-

of the Stockholders of Company Common Stock as of the date hereof are set forth in Schedule I attached hereto.

(b) All certificates for Shares at any time delivered to the Trustee hereunder shall be held by the Trustee under and pursuant to the terms and conditions of this Agreement. The Trustee shall not have the authority to, and shall not, sell, transfer, assign, pledge, hypothecate, or otherwise dispose of or encumber the Shares or any rights therein or thereto, except to the extent otherwise specifically provided in this Agreement. The Trustee shall have no beneficial interest in or discretionary authority with respect to the Shares, its interest being limited solely to that necessary to carry out its obligations under this Agreement.

(c) The Trustee, in exchange for the certificate or certificates so deposited hereunder, will cause to be issued and delivered to each Stockholder a voting trust certificate or certificates issued hereunder substantially in the form attached hereto as Exhibit A (the "Voting Trust Certificates") for the appropriate number of Shares. The Trustee, under such rules and regulations as it in its discretion may prescribe with respect to indemnity or otherwise, may provide for the issuance and delivery of new Voting Trust Certificates in lieu of lost, stolen or destroyed Voting Trust Certificates or in exchange for mutilated Voting Trust Certificates.

(d) Except as would be permitted by Section 1.02(iii) of the Governance Agreement with respect to the Shares, as provided in Section 3.05 of the Governance Agreement, until the Standstill Termination Date, the Voting Trust Certificates shall not be sold, assigned, transferred, pledged, hypothecated, given away or in any other manner disposed of or encumbered, whether voluntarily, involuntarily or by operation of law, and the Trustee shall not register any such transfer. Each Voting Trust Certificate issued pursuant to this Agreement shall have the following legend noted conspicuously upon its face or reverse side:

"This Voting Trust Certificate is subject to restrictions on sale, assignment, transfer, pledge, hypothecation, gift or other disposition, as set forth in the Voting Trust Agreement referred to below."

(e) The Trustee shall not issue Voting Trust Certificates, or any interest in the Trust, to any Person other than NWA, NPC, Air Partners, or any of their Depositing Affiliates.

(f) The Stockholders each hereby covenant and agree promptly to deposit into the Trust any Voting Securities acquired by any of them after the date hereof. The Trustee shall issue to each depositing Stockholder a Voting Trust Certificate in respect of such securities as provided in Section 2(a) hereof.

(g) The Stockholders each hereby covenant and agree to cause their controlled Affiliates, and to use their best efforts to cause each other Affiliate, to deposit into the Trust any Voting Securities acquired by such Affiliate after the date hereof and to execute a supplement to this Agreement evidencing each such Affiliate's agreement to be bound by, and subject to the terms of, this Agreement. Upon delivery of such supplement to the Company and the Trustee, and the deposit of Voting Securities, the Trustee shall issue Voting Trust Certificates in respect of such securities to the Depositing Affiliate as provided in Section 2(a) hereof.

(h) Each Stockholder hereby represents, warrants and covenants to the Trustee, with respect to Voting Securities it owns, that (i) it has all requisite power and authority to execute, deliver and perform its obligations under this Agreement, (ii) it is and, except as permitted by the Governance Agreement, shall be during the term of this Agreement the sole legal and beneficial owner of the Voting Securities, and (iii) it has not sold, assigned, pledged, created a lien or security interest in, or otherwise transferred any interest in, the Voting Securities to any other person or entity (with the exception of the transfers contemplated by this Agreement), and (iv) the transfers of Voting Securities from each Stockholder to the Trustee and from the Trustee to the Stockholders

contemplated by this Trust Agreement do not require registration under applicable federal or state securities laws.

Section 3. Voting. The Stockholders hereby direct the Trustee to vote the Shares as follows:

(a) Except as provided in (c) below, until the Standstill Termination Date, the Trustee shall vote (or submit its written consent with respect to) the Shares on all matters submitted to a vote of the Company's stockholders other than an election of directors, whether at a meeting of stockholders or by

written consent, either (i) in the case of a vote taken at a stockholders meeting, in the same proportion as the votes cast by other holders of Voting Securities or (ii) in the case of action taken by written consent, so that the percentage of Stockholder Voting Power consented to on a matter equals the percentage of all other outstanding Voting Securities so consented.

(b) Except as provided in (d) below, until the Standstill Termination Date, in any election of directors, the Trustee shall vote the Shares for the election of the Independent Directors nominated by the Board of Directors by a Majority Vote, and, unless otherwise directed by NPC, for the election of the other persons nominated by the Board of Directors.

-8-

(c) Until the Standstill Termination Date, with respect to any vote or consent of the Company's stockholders (i) on a merger, reorganization, share exchange, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving the Company, any sale of all or substantially all of the Company's assets or any issuance of Voting Securities that would represent in excess of 20% of the Voting Power prior to such issuance, including any of the foregoing involving NPC or NWA or (ii) on any amendment to the Company's amended and restated certificate of incorporation or its bylaws that would materially and adversely affect NPC (including through its effect on the Alliance Agreement and the rights of the Voting Securities Beneficially Owned by NPC), the Shares shall be voted by the Trustee as directed by NPC and, in the absence of such direction, shall not be voted.

(d) (i) Until the Standstill Termination Date, with respect to any election of directors in respect of which any Person other than the Company is soliciting proxies, the Trustee shall vote the Shares, at the election of NPC, either (A) as recommended by the Board of Directors or (B) in the same proportion as the votes cast by the other holders of Voting Securities.

(ii) Upon learning that a Person other than the Company is soliciting proxies in any election of directors,

-9-

the Company shall promptly notify the Trustee and NPC. Not later than five (5) Business Days prior to the date of the stockholders meeting at which the proxies solicited by such other person are to be voted, NPC shall notify the Trustee and the Company of its election under Section 3(d)(i). If no election is timely made by NPC, the Trustee shall vote the Shares in the same proportion as the votes cast by the other holders of Voting Securities. NPC may instruct the Trustee to change the vote cast at any time before the close of business two (2) days before a stockholders meeting by giving notice to the Trustee and the Company.

(e) In the event the Trustee is required under this Voting Trust Agreement to vote the Shares in the same proportion as the votes cast by other holders of Voting Securities, the Trustee may discharge its obligation so to vote the Shares by delivering to the Company a proxy or written consent (as the case may be) providing that the Shares are to be so voted, in which event the Trustee shall have no duty to ascertain the actual votes cast by other holders of Voting Securities.

Section 4. Dividends and Distributions. (a) The parties hereto agree that, unless otherwise directed by Air Partners, NWA, NPC or a Depositing Affiliate, the Company shall pay all dividends or other distributions (other than dividends or distributions paid in Voting Securities or the dividend of

-10-

the Rights) in respect of the Shares directly to Air Partners, NWA, NPC or the Depositing Affiliate, as the case may be. The Trustee shall have no liability with regard to the payment of such dividends or other distributions. Notwithstanding the foregoing, if the Trustee receives payments of dividends or other distributions (other than dividends or distributions paid in Voting Securities and the dividend of the Rights) in respect of the Shares, it shall promptly distribute such dividends or distributions to Air Partners, NWA, NPC or the Depositing Affiliate, as applicable, promptly after the receipt of such dividends or other distributions.

(b) In the event the Trustee receives any Voting Securities by means of a dividend or other distribution in respect of the Shares (including the Rights), the Trustee shall hold such securities subject to this Agreement and such securities shall become subject to all of the terms and conditions of this Agreement to the same extent as if they were Shares deposited with the Trustee pursuant to Section 2(a) hereof. The Trustee shall issue Voting Trust Certificates in respect of such securities to Air Partners, NWA, NPC or the Depositing Affiliate, as applicable, in accordance with Section 2(c) hereof.

(c) In the event of a merger to which the Company is a party, the sale of all or substantially all of the

-11-

assets of the Company, the dissolution or total or partial liquidation of the Company, or the sale of any or all of the Shares, the Trustee shall receive the money, securities, rights or property which are distributed or are distributable in respect of the Shares, or which are received in exchange for the Shares, and, after paying (or reserving for payment thereof) any expenses incurred pursuant to this Agreement, shall promptly distribute such money, securities, rights or property to Air Partners, NWA, NPC and any Depositing Affiliate, as applicable.

(d) If, at any time during the term of this Agreement, the Trustee shall receive or collect any money or other property (other than Voting Securities or the Rights but including stock in subsidiaries or Affiliates of the Company) through distribution by the Company to its stockholders, other than as set forth in paragraph (a), (b) or (c) of this Section 4, the Trustee shall promptly distribute such money or other property to Air Partners, NWA, NPC and any Depositing Affiliate, as applicable.

(e) Upon the receipt by the Trustee of a "Right Certificate" (as defined in the Rights Agreement) following the "Distribution Date" (as defined in the Rights Agreement), the Trustee shall promptly distribute such certificate to Air Partners, NWA, NPC and any Depositing Affiliate, as applicable.

-12-

Section 5. The Trustee. (a) Subject to the provisions of this Agreement, the Trustee shall manage the voting trust created hereby.

(b) The Trustee shall be entitled to receive compensation for services as trustee hereunder as set forth in the fee schedule previously provided to the parties hereto. As between NPC and the Company, fifty percent of such compensation shall be paid by NPC and fifty percent shall be paid by the Company; provided that their obligation to the Trustee to pay such compensation shall be joint and several.

(c) The Trustee is expressly authorized to incur and

pay all reasonable, properly documented charges and other expenses that the Trustee deems necessary and proper in the performance of the Trustee's duties under this Agreement. NPC and the Company, as between themselves, shall each be responsible to reimburse the Trustee for one-half of such expenses; provided that their obligation to the Trustee to reimburse such charges and expenses shall be joint and several. NPC and the Company, as between themselves, shall each be responsible to indemnify the Trustee for one-half of any and all claims, costs of defense of claims (including reasonable attorney's fees and disbursements), expenses and liability incurred by the Trustee in connection with the performance of the Trustee's duties under this Agreement, except those incurred

-13-

as a result of the Trustee's gross negligence, wilful misconduct or other malfeasance; provided that NPC's and the Company's obligation to the Trustee to pay such amounts shall be joint and several. This Section 5(c) shall survive the termination of this Agreement.

(d) In acting hereunder, the Trustee shall have only such duties as are specified herein and no implied duties shall be read into this Agreement, and the Trustee shall not be liable for any act done, or omitted to be done, by it in the absence of its gross negligence or willful misconduct. The Trustee shall be free from liability to Air Partners, NWA, NPC and any Depositing Affiliate in acting or relying upon any writing, notice, certificate or document believed by the Trustee in good faith after reasonable inquiry to be genuine and to have been signed by an authorized officer of the Company, NPC, NWA or any Depositing Affiliate, as the case may be, or with respect to Air Partners, an authorized officer of the general partner of Air Partners, including, without limitation, any certificate or document from the Company regarding the Fully Diluted Voting Power, the identity of the Independent Directors, the Beneficial Ownership of Voting Securities of NPC and its Affiliates, the Stockholder Voting Power, the Total Voting Power, the Voting Securities and whether a particular vote of the Company's stockholders is with respect to a matter described in Section

-14-

3(c). In making such inquiry, the Trustee shall be entitled to rely upon certificates of incumbency provided by the entity providing such certificates executed by a person authorized to do so on behalf of such entity. The Company shall send a copy of any such writing, notice, certificate or document to NPC concurrently with sending it to the Trustee. The Trustee may consult with legal counsel, who shall have no business, financial, or other relationship with Air Partners, NWA, NPC, a Depositing Affiliate or the Company, or any of their respective Affiliates, and any action under this Agreement taken or suffered in good faith by the Trustee in accordance with the advice of the Trustee's counsel shall be conclusive on the parties to this Agreement absent manifest error, gross negligence, wilful misconduct or other malfeasance and the Trustee shall not be the subject of any claim by or liability to Air Partners, NPC, NWA or any Depositing Affiliate, or their successors and assigns except for any claim or liability resulting from its gross negligence, wilful misconduct or other malfeasance. This Section 5(d) shall survive the termination of this Agreement.

(e) (i) The Trustee may resign by giving 30 days' advance written notice of resignation to the Company and NPC provided that at the end of the 30 day period, a successor Trustee has been appointed by NPC and approved by the Company by

-15-

Majority Vote in accordance with Section 5(f) hereof. NPC shall not unreasonably delay the appointment of, and the Company shall

not unreasonably delay the approval of, a successor Trustee.

(ii) NPC may remove the Trustee at any time upon 90 days' notice to the Trustee and the Company if at the end of the 90 day period, a successor Trustee has been appointed and approved in accordance with Section 5(f) hereof.

(f) In the event of resignation or removal of the Trustee pursuant to Section 5(e), the Trustee shall be succeeded by a successor Trustee chosen by NPC and approved by the Company by the Majority Vote. In connection therewith, the Trustee shall, simultaneously with the execution by the successor Trustee of a counterpart of this Agreement, transfer and deliver (or cause to be transferred and delivered) to the successor Trustee the Shares that are held in the name of the Trustee immediately prior to such execution. The successor Trustee shall file an executed copy of this Agreement, as amended, at the registered office of the Company in the State of Delaware, which copy shall be open to the inspection of any stockholder of the Company, or any beneficiary of the Trust, daily during business hours, as provided in Section 218 of the Delaware General Corporation Law, and thereafter the successor Trustee shall become the Trustee for all purposes of this Agreement, and shall succeed to all of the rights and

-16-

obligations of the Trustee hereunder. Each certificate representing Shares so transferred to the successor Trustee shall be surrendered and canceled, and new certificates therefor shall be issued in the name of the successor Trustee. Such certificates shall state that they have been issued pursuant to this Agreement, as amended, and that fact shall be noted in the stock ledger of the Company, as required by Section 218 of the Delaware General Corporation Law. In the event a successor Trustee shall be appointed after a record date has passed with respect to any vote of the stockholders of the Company and prior to the stockholders meeting or the taking of action by written consent relating to such record date, the Trustee as of such record date shall vote the Shares and/or execute a written consent or proxy with respect thereto in accordance with the instructions of the successor Trustee in accordance with the terms of this Agreement.

(g) The Stockholders and the Company each hereby acknowledge that the Trustee has had, presently may have and may in the future have other business relationships with any one or more of the Stockholders and the Company that are unrelated to its duties and obligations under this Agreement, and hereby waive and release the Trustee from any conflict of interest which such relationship may create; provided, that in the event such conflict of interest results in or arises in connection

-17-

with litigation between any such Stockholder and the Company or any other Stockholder, the Stockholder or the Company shall have the right immediately to remove the Trustee within ten (10) business days following notice of such conflict to them from the Trustee or notice of such conflict from either of them to the Trustee (the "Conflict Notice"). Notwithstanding an election by the Stockholder or Company to remove the Trustee as provided in the previous sentence, the foregoing waiver and release shall apply to any actions taken by the Trustee or which the Trustee refrains from taking in accordance with instructions authorized under this Trust Agreement during the period between delivery of such Conflict Notice and the Trustee's removal.

(h) The Trustee represents that it is acquiring the Shares only in its capacity as trustee to hold in trust and not with a view to distribution.

(i) In the event the Trustee receives conflicting instructions under this Trust Agreement, the Trustee shall be fully protected in refraining from acting until such conflict is



resolved to the satisfaction of the Trustee except that if such conflict arises by virtue of the receipt of later dated instructions from the same party, the Trustee shall follow the later dated instructions in accordance with this Agreement. The Trustee shall be obligated to contact promptly the party giving the conflicting instructions to ascertain the nature of

-18-

any conflict, and in the event such conflict cannot be resolved, the Trustee shall have the right to institute a bill of interpleader in any court referred to in Section 11(b) of this Agreement to determine the rights and obligations of the parties, and the parties shall pay all costs, expenses and disbursements in connection therewith, including reasonable attorneys' fees.

Section 6. Term; Termination. (a) Except to the extent earlier terminated with respect to all or a portion of the Shares in accordance with Section 6(d), the Trust shall be effective as of the date hereof, and this Agreement and the Trust shall remain in full force and effect until the Standstill Termination Date. This Agreement and the Trust may be terminated at any time with the consent in writing of the Company and NPC; provided that, the consent of the Company shall have been given with the Majority Vote.

(b) Upon termination of this Agreement in accordance with Section 6(a) with respect to all the Shares or in accordance with Section 6(d) with respect to all or a portion of the Shares, and following delivery to the Trustee of each Stockholder's Voting Trust Certificate, and payment in full of all fees and expenses of the Trustee then outstanding, the Trustee shall promptly deliver to Air Partners, NWA, NPC, and each Depositing Affiliate, as applicable, the certificates

-19-

representing the Shares deposited in the Trust with respect to which this Agreement shall have been terminated, duly endorsed for transfer by the Trustee, or with duly executed stock powers attached, and shall take all such other actions as are appropriate to cause the transfer of such Shares deposited in the Trust, together with all other property relating to or allocable to such Shares and held by the Trustee for the benefit of Air Partners, NWA, NPC and any Depositing Affiliate, as applicable, pursuant to this Agreement, to Air Partners, NWA, NPC or such Depositing Affiliate, as the case may be. Upon delivery of the certificates in accordance with the foregoing, except as provided in Section 6(c) below, the Trustee shall be released from any further obligation or duty under this Agreement.

(c) In connection with any action submitted to a vote of the Company's stockholders, whether at a meeting of stockholders or by written consent, following the termination of this Agreement but prior to the delivery to Air Partners, NWA, NPC or any Depositing Affiliate of the certificates representing the Shares deposited in the Trust, and having a record date prior to such delivery, the Trustee shall vote the Shares as directed in writing by Air Partners, NWA, NPC or such Depositing Affiliate, as the case may be, in respect of the Shares

-20-

beneficially owned by them, and in the absence of any such direction, the Trustee shall not vote such Shares.

(d) In the event that prior to the Standstill Termination Date NWA, NPC, Air Partners or any Depositing Affiliate is permitted to transfer any of the Shares in accordance with and pursuant to clauses (i), (ii), (v) and (vi) of Section 1.02 of the Governance Agreement, this Agreement shall immediately terminate and be of no further force and effect with

respect to such Shares.

Section 7. Benefit and Binding Effect; Assignment. This Agreement and all covenants herein contained shall be binding upon and shall inure to the benefit of each of the parties hereto and their respective heirs, executors, administrators and personal representatives and their successors and assigns; provided, however, that, except for assignments by NPC, NWA or Air Partners to a controlled Affiliate of NPC as permitted by Section 1.02(iii) of the Governance Agreement, this Agreement shall not be assigned by any party hereto without the prior written consent of the Trustee, the Company and NPC, which consent, in the case of the Company, shall have been given with the Majority Vote.

Section 8. Notices. All notices, elections, requests, demands or other communications provided for herein

-21-

shall be made in writing, including by facsimile, and shall be deemed to have been duly given:

If to NWA, NPC or Air Partners, to:

Northwest Airlines Corporation  
5101 Northwest Drive  
St. Paul, Minnesota 55111  
Attention: General Counsel  
Fax: (612) 726-7123

with a copy to:

Simpson Thacher & Bartlett  
425 Lexington Avenue  
New York, New York 10017-3954  
Attention: Robert L. Friedman, Esq.  
Fax: (212) 455-2502

If to the Company, to:

Continental Airlines, Inc.  
Dept. HQS-EO  
Continental Tower  
1600 Smith Street  
Houston, Texas 77002  
Fax: (713) 324-2687  
Attention: General Counsel

With a copy to:

Morris, Nichols, Arsht & Tunnell  
1201 N. Market Street  
P.O. Box 1347  
Wilmington, Delaware 19899-1347  
Fax: (302) 658-3989  
Attention: A. Gilchrist Sparks, III, Esquire

If to the Trustee, to:

Wilmington Trust Company  
Rodney Square North  
1100 North Market Street  
Wilmington, Delaware 19890  
Attention: Corporate Trust Administration  
Fax: (302) 651-8882

-22-

or such other address or fax number as such party may hereafter specify for such purpose by notice to the other parties hereto.

Section 9. Amendments. This Agreement and the Voting Trust

Certificates issued hereunder may be amended upon the consent in writing of (a) the Company (with the Majority Vote) and (b) NPC acting on behalf of all of the holders of Voting Trust Certificates then issued and outstanding under this Agreement.

Section 10. Enforceability. In the event that any part of this Agreement shall be held to be invalid or unenforceable, the remaining parts thereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

Section 11. Governing Law; Consent to Jurisdiction.

(a) This Agreement shall be construed in accordance with and governed by the internal laws of the State of Delaware.

(b) Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby may be brought in any federal court located in the State of Delaware or any Delaware state court, and each of the parties hereby consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts therefrom)

-23-

in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is being brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 8 shall be deemed effective service of process on such party.

Section 12. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument.

Section 13. Expenses. In the event that the Trustee pays (or reserves for payment thereof) any expenses incurred pursuant to this Agreement out of any moneys received by it in accordance with Section 4(c) or otherwise deducts from any amounts payable to NPC, NWA, Air Partners or any Depositing Affiliate any expenses incurred by the Trustee, the Company shall promptly reimburse NPC, NWA, Air Partners or such

-24-

Depositing Affiliate, as the case may be, in an amount equal to 50% of such expenses so paid or deducted.

Section 14. Definitions; Interpretation. (a) For purposes of this Agreement, the following terms shall have the following meanings:

"Additional Shares" shall have the meaning set forth in the second recital hereto.

"Affiliate" shall have the meaning set forth in Rule 12b-2 under the Exchange Act (as in effect on the date of this Agreement).

"Air Partners" shall mean Air Partners, L.P., a Texas limited partnership.

"Alliance Agreement" shall mean the Master Alliance

Agreement dated as of January 25, 1998 by and between Continental and Northwest Airlines, Inc., an indirect wholly owned subsidiary of NWA.

"AP Shares" shall have the meaning set forth in the first recital hereto.

"Barlow Agreement" shall mean the Purchase Agreement dated as of March 2, 1998, among NPC, NWA, Barlow Investors III, LLC, a California limited liability company, and the guarantors signatory thereto.

"Beneficially Own" or "Beneficial Ownership" with respect to any securities shall mean having "beneficial

-25-

ownership" of such securities (as determined pursuant to Rule 13d-3 under the Exchange Act), including pursuant to any agreement, arrangement or understanding, whether or not in writing. Without limiting the foregoing, any Voting Securities owned by the Trust shall be deemed to be Beneficially Owned by the Stockholders.

"Board of Directors" shall mean the board of directors of the Company.

"Business Day" shall mean any day other than a Saturday, Sunday or legal holiday.

"Class A Common Stock" shall have the meaning set forth in the first recital hereto.

"Class B Common Stock" shall mean the Class B Common Stock, par value \$.01 per share, of the Company.

"Closing" shall mean the closing of the transactions provided for in the Investment Agreement.

"Conflict Notice" shall have the meaning set forth in Section 5(g) of this Agreement.

"Continental" or "Company" shall mean Continental Airlines, Inc., a Delaware corporation.

"Depositing Affiliate" shall mean any Affiliate of Air Partners, NPC or NWA that has deposited Voting Securities with the Trustee, and become bound by, and subject to the terms of, this Agreement, as provided in Section 2(g) of this Agreement,

-26-

and any controlled Affiliate of Air Partners, NPC or NWA to which any of the Shares are transferred in accordance with Section 1.02(iii) of the Governance Agreement.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Fully Diluted Voting Power" of any Person with reference to the Company shall be calculated by dividing (i) the sum of (A) ten times the aggregate number of shares of Company Class A Common Stock Beneficially Owned by such Person (assuming exercise of any outstanding securities held by such Person that are convertible into or exercisable or exchangeable for shares of Company Class A Common Stock) and (B) the number of shares of Company Class B Common Stock Beneficially Owned by such Person (assuming exercise of any outstanding securities held by such Person that are convertible into or exercisable or exchangeable for shares of Company Class B Common Stock) by (ii) the sum of (A) ten times the aggregate number of outstanding shares of Company Class A Common Stock (assuming the exercise of all outstanding securities convertible into or exercisable or

exchangeable for shares of Company Class A Common Stock) and (B) the aggregate number of outstanding shares of Company Class B Common Stock (assuming the exercise of all outstanding securities convertible into or exercisable or exchangeable for shares of Company Class B Common Stock).

-27-

"Governance Agreement" shall have the meaning set forth in the third recital hereto.

"Independent Director" shall mean (i) any person listed on Exhibit 2.01 of the Governance Agreement, (ii) any other person selected as an Independent Director in accordance with Section 2.01(b) of the Governance Agreement and (iii) any other person, who is elected to the Board of Directors in an election of directors in respect of which any Person other than the Company is soliciting proxies; provided that any such other person so selected shall be independent of and otherwise unaffiliated with NWA, NPC, Air Partners or the Company (other than as an Independent Director), and shall not be an officer or an employee, consultant or advisor (financial, legal or other) of NWA or the Company or any of their respective Affiliates, or any person who shall have served in any such capacity within the three-year period immediately preceding the date such determination is made.

"Investment Agreement" shall have the meaning set forth in the first recital hereto.

"Majority Vote" shall mean the affirmative vote of a majority of the Board of Directors, including the affirmative vote of a majority of the Independent Directors.

"NPC" shall mean Newbridge Parent Corporation, a Delaware corporation.

-28-

"NWA" shall mean Northwest Airlines Corporation, a Delaware corporation.

"Person" shall mean any individual, partnership (limited or general), joint venture, limited liability company, corporation, trust, business trust, unincorporated organization, government or department or agency of a government.

"Rights" shall mean the rights issued pursuant to the Rights Agreement.

"Rights Agreement" shall mean the Rights Agreement dated as of November 20, 1998, between the Company and Harris Trust and Savings Bank, as rights agent.

"Securities Act" shall mean the Securities Act of 1933, as amended from time to time.

"Shares" shall mean the AP Shares, the Additional Shares and any other Voting Securities required to be deposited in the Trust in accordance with the terms hereof.

"Standstill Termination Date" shall mean the earlier of (i) the sixth anniversary of the Closing and (ii) the date on which NPC and its Affiliates cease to Beneficially Own Voting Securities representing at least 10% of the Fully Diluted Voting Power, unless the Governance Agreement shall have otherwise terminated, in which event the Standstill Termination Date shall mean the date of such termination.

-29-

"Stockholder Voting Power" at any time shall mean the aggregate voting power in the general election of directors of

all Voting Securities then Beneficially Owned by NPC and its Affiliates.

"Stockholders" shall mean Air Partners, NWA and NPC.

"Total Voting Power" at any time shall mean the total combined voting power in the general election of directors of all the Voting Securities then outstanding.

"Trust" shall mean the Northwest Airlines/Air Partners Voting Trust created by this Voting Trust Agreement.

"Trustee" shall mean initially Wilmington Trust Company, a Delaware banking corporation, not in its individual capacity but solely as trustee, and any successor trustee thereto appointed and approved in accordance with Section 5(f) hereof.

"Voting Securities" shall mean at any time shares of any class of capital stock of the Company, which are then entitled to vote generally in the election of directors including, without limitation, the Class A Common Stock and the Class B Common Stock.

"Voting Trust Certificates" shall have the meaning set forth in Section 2(c) hereof.

(b) The definitions herein shall apply equally to both the singular and plural forms of the terms defined.

-30-

Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

[The remainder of this page intentionally left blank]

-31-

IN WITNESS WHEREOF, the parties hereto have caused this Voting Trust Agreement to be duly executed as of the date first above written.

CONTINENTAL AIRLINES, INC.

By: /s/ Jeffery A. Smisek  
-----  
Jeffery A. Smisek  
Executive Vice President,  
General Counsel and Secretary

AIR PARTNERS, L.P.

By: Northwest Airlines  
Corporation, as general  
partner

By: /s/ Douglas M. Steenland  
-----  
Douglas M. Steenland  
Executive Vice President,  
General Counsel and Secretary

NORTHWEST AIRLINES HOLDINGS CORPORATION

By: /s/ Douglas M. Steenland  
-----  
Douglas M. Steenland  
Executive Vice President,  
General Counsel and Secretary

[Signature Page to Voting Trust Agreement]

NORTHWEST AIRLINES CORPORATION

By: /s/ Douglas M. Steenland  
-----  
Douglas M. Steenland  
Executive Vice President,  
General Counsel and Secretary

WILMINGTON TRUST COMPANY

By: /s/ W. Chris Sponenberg  
-----  
W. Chris Sponenberg  
Assistant Vice President

[Signature Page to Voting Trust Agreement]

Schedule I

Air Partners	7,678,522* shares of Class A Common Stock
Northwest Airlines Corporation	982,702 shares of Class A Common Stock

- - - - -

\* Does not include 853,644 shares of which NPC has acquired Beneficial Ownership pursuant to a proxy granted in the Investment Agreement.

Exhibit A

NORTHWEST AIRLINES/AIR PARTNERS VOTING TRUST CERTIFICATE

THIS VOTING TRUST CERTIFICATE IS SUBJECT TO RESTRICTIONS ON SALE, ASSIGNMENT, TRANSFER, PLEDGE, HYPOTHECATION, GIFT OR OTHER DISPOSITION AS SET FORTH IN THE VOTING TRUST AGREEMENT REFERRED TO BELOW

No. \_\_\_\_\_ Shares of  
[Class A] [Class B] Common Stock

Continental Airlines, Inc.  
Incorporated under the Laws of the State of Delaware.

THIS IS TO CERTIFY THAT, subject to the provisions hereof and of the Northwest Airlines/Air Partners Voting Trust Agreement dated as of the 20th day of November, 1998 (the "Voting Trust Agreement") among Continental Airlines, Inc., a Delaware corporation (the "Company"), Air Partners, L.P., a Texas limited partnership, Newbridge Parent Corporation, a Delaware corporation, Northwest Airlines Corporation, a Delaware corporation, and Wilmington Trust Company (the "Trustee"), not in its individual capacity but solely as Trustee, on the surrender hereof, properly endorsed, \_\_\_\_\_ (the "Depositing Stockholder") will be entitled to receive on the Standstill Termination Date (as defined in the Voting Trust Agreement) a certificate or certificates, expressed to be fully paid and non-assessable, for \_\_\_\_\_ shares of [Class A] [Class B] Common Stock, represented by this Certificate, of the Company, or its successor, and in the meantime, subject to the provisions of the Voting Trust Agreement, is entitled to receive payments equal and of like character to the dividends, if any, received by the Trustee, if any, upon the number of shares of [Class A] [Class B] Common Stock held by the Trustee for the Depositing Stockholder, less such charges and expenses as are authorized by the Voting Trust Agreement to be deducted therefrom and less any income or other taxes required by law to be deducted therefrom.

Until actual delivery of the stock certificates called for hereby following the termination of the Voting Trust Agreement,

the Trustee, upon the terms and subject to the provisions stated in the Voting Trust Agreement, shall possess and shall be entitled to exercise all rights and powers of the owners of such [Class A] [Class B] Common Stock to vote for every purpose and to consent to any and all corporate acts of the Company; it being expressly stipulated that except as expressly provided in the Voting Trust Agreement, no right to vote such [Class A] [Class B] Common Stock and no right to consent in respect of such [Class A] [Class B] Common Stock is created or passes to any holder hereof by or under this Certificate or by or under any agreement express or implied.

This Certificate is issued under and pursuant to, and the rights of each successive holder hereof are subject to and limited by, the terms and provisions of a certain Voting Trust Agreement, one copy of which is on file at the principal office of the Company at Continental Tower, 1600 Smith Street, Houston,



Texas 77002, and one copy of which is on file in the registered office of the Company in the State of Delaware. Each holder of this Certificate by the acceptance hereof assents and agrees to be bound by all the provisions of the Voting Trust Agreement.

This Certificate shall not be sold, assigned, transferred, pledged, hypothecated, given away or in any other manner disposed of or encumbered, whether voluntarily, involuntarily or by operation of law, except as may be permitted pursuant to the terms of the Voting Trust Agreement, subject to such regulations as may be established by the Trustee for that purpose, upon surrender hereof at the office of the Trustee, properly endorsed for transfer, and the Trustees may treat the holder of record hereof as the owner of this Certificate for all purposes. Every transferee of this Certificate shall by the acceptance hereof become a party to the Voting Trust Agreement with like force and effect as though an original party thereto and shall be included within the meaning of the term "Depositing Stockholders" wherever used therein.

As a condition of making or permitting any transfer or delivery of stock certificates or Voting Trust Certificates, the Trustee may require the payment of a sum sufficient to pay or reimburse it for any stamp tax or other governmental charge in connection therewith, or any other charges applicable to such transfer or delivery.

The Voting Trust Agreement and this Certificate may be amended at any time and from time to time in the manner provided in the Voting Trust Agreement. The Voting Trust Agreement and

the trust created thereunder shall remain in full force and effect until the Standstill Termination Date.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be signed on its behalf by one of its number.

Dated: \_\_\_\_\_

WILMINGTON TRUST COMPANY,  
not in its individual capacity  
but solely as Trustee

By: \_\_\_\_\_  
Name:  
Title:

AMENDMENT TO AMENDED AND RESTATED REGISTRATION RIGHTS  
AGREEMENT

This Amendment to Amended and Restated Registration Rights Agreement (as amended) is dated as of November 20, 1998 (this "Amendment") and is among Continental Airlines, Inc., a Delaware corporation ("Continental"), Air Partners, L.P., a Texas limited partnership ("Air Partners") and Northwest Airlines Corporation, a Delaware corporation (formerly Newbridge Parent Corporation, "Newbridge"). Air Partners and Newbridge are sometimes referred to herein individually as a "Party" and jointly as the "Parties".

Recitals:

WHEREAS, Continental, Newbridge and Northwest Airlines Holdings Corporation (formerly Northwest Airlines Corporation) are parties to that certain Governance Agreement dated as of January 25, 1998 (as amended by First Amendment to the Governance Agreement dated as of March 2, 1998, and Second Amendment to Governance Agreement dated as of November 20, 1998, the "Governance Agreement"), and whereas the Governance Agreement contains a provision that at the Closing (as defined therein), Continental shall enter into this Amendment;

NOW THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. The Amended and Restated Registration Rights Agreement dated as of April 19, 1996, as amended by Agreement dated as of October 1, 1996 (as so amended, the "Registration Rights Agreement"), is hereby amended, from and after the date of Closing, as follows:

(a) Newbridge Parent Corporation shall be a Party to the Registration Rights Agreement.

(b) The definition of "Registrable Securities" contained in Section 1 of the Registration Rights Agreement is amended by adding the word "and" after clause (g) of the first sentence of such definition, and adding a new clause (h) to the first sentence of such definition, which clause (h) shall read in its entirety as follows:

"(h) any shares of any class of capital stock of Continental which are then entitled to vote generally in the election of directors, including without limitation, Class A Common Stock and Class B Common Stock."

(c) Section 9 of the Registration Rights Agreement (Notices) is hereby amended to change Continental's notice address and to add a notice address for Newbridge Parent Corporation as follows:

"If to Continental:

Continental Airlines, Inc.  
Dept. HQS-EO  
Continental Tower  
1600 Smith Street  
Houston, Texas 77002  
Attention: General Counsel  
Facsimile No.: (713) 324-2687

If to Newbridge Parent Corporation:

Newbridge Parent Corporation  
5101 Northwest Drive  
St. Paul, Minnesota 55111  
Attn: General Counsel  
Facsimile No.: (612) 726-7123"

2. The Registration Rights Agreement, as amended hereby, is ratified and confirmed.

\*\*\*\*\*

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

CONTINENTAL AIRLINES, INC.

By: /s/ Jeffery A. Smisek  
-----  
Jeffery A. Smisek  
Executive Vice President,  
General Counsel and Secretary

AIR PARTNERS, L.P.

By: Northwest Airlines Corporation, as  
General Partner

By: /s/ Douglas M. Steenland  
-----  
Douglas M. Steenland  
Executive Vice President,  
General Counsel and  
Secretary

NORTHWEST AIRLINES CORPORATION

By: /s/ Douglas M. Steenland  
-----  
Douglas M. Steenland  
Executive Vice President,  
General Counsel and Secretary

[Signature Page to Amendment to Amended and  
Restated Registration Rights Agreement]

SECOND AMENDMENT  
TO THE  
GOVERNANCE AGREEMENT

This Second Amendment to the Governance Agreement dated as of November 20, 1998, is by and among Continental Airlines, Inc., a Delaware corporation (the "Company"), Newbridge Parent Corporation, a Delaware corporation (the "Stockholder"), and Northwest Airlines Corporation, a Delaware corporation that is the holder of all of the outstanding stock of the Stockholder (the "Parent").

WHEREAS, the Company, the Stockholder and the Parent have entered into that certain Governance Agreement dated as of January 25, 1998, as amended by the First Amendment dated as of March 2, 1998 (the "Governance Agreement"), pursuant to which, among other things, (i) the Parent and the Stockholder have agreed to deposit immediately following the Closing the Voting Securities Beneficially Owned by them or any of their Affiliates into a voting trust (the "Voting Trust") to be established by them with an independent voting trustee that will provide that such Voting Securities will be voted as specified in the Governance Agreement and (ii) the Company has agreed to cause a person designated by the Stockholder to be elected to the Company's board of directors immediately following the Closing;

WHEREAS, the Parent has been in discussions with the United States Department of Justice ("DOJ") regarding the terms of the Investment Agreement, and the Parent and the Company have been in discussions with DOJ regarding the terms of the Alliance Agreement and the Governance Agreement (the Investment Agreement, the Alliance Agreement and the

Governance Agreement together, the "Agreements") in connection with DOJ's antitrust review of the transactions contemplated by the Investment Agreement;

WHEREAS, the Parent and the Company believe that the transactions contemplated by the Agreements are procompetitive and beneficial to consumers;

WHEREAS, DOJ has expressed concerns about the effect on competition of certain terms of the Agreements;

WHEREAS, the Parent and the Stockholder believe that certain changes to the Governance Agreement with respect to the provisions described above are desirable to obviate the concerns of DOJ;

WHEREAS, the Parent and the Stockholder have requested that the Company agree to amend such provisions of the Governance Agreement to obviate the concerns of DOJ; and

WHEREAS, the Company is willing to agree to these amendments to facilitate the prompt closing of the transactions contemplated by the Investment Agreement and the subsequent realization by the Company and its stockholders of the expected benefits of the Alliance Agreement.

NOW THEREFORE, the Company, the Stockholder and the Parent, intending to be legally bound, hereby agree as follows:

1. Capitalized terms not otherwise defined herein shall have their respective meanings set forth in the Governance

Agreement.

2. All references in Sections 1 through 9 of the Governance Agreement to the "Investment Agreement" are hereby modified to refer to the Investment Agreement as amended

- 2 -

by Amendment No. 1 thereto dated February 27, 1998 and Amendment No. 2 dated as of November 20, 1998.

3. Section 1.02 of the Governance Agreement is amended by renumbering clause (vi) as clause (vii) and adding a new clause (vi) with the following text: "Transfers of Voting Securities to the B/C/P Group."

4. The following definition shall be added to Section 9 (which, pursuant to Section 7 hereof, is to be renumbered as Section 8) after the definition of "Associate": "'B/C/P Group'" shall mean David Bonderman, James Coulter or William S. Price, III, or any Person with respect to which one or more of them (i) directly or indirectly controls at least 50.1% of the voting power, (ii) directly or indirectly controls at least 50.1% of the equity, or (iii) directly or indirectly controls in a manner substantially similar to the control that the general partner of Air Partners has over Air Partners pursuant to and as provided in the "Partnership Agreement" (as defined in the Investment Agreement), which Persons described in clause (iii) shall include 1998 CAI Partners, L.P., a Texas limited partnership, under its partnership agreement and ownership structure in effect on the date hereof."

5. The definition of "Beneficially Own" and "Beneficial Ownership" is hereby amended by adding the following at the end thereof: "; for the avoidance of doubt, securities with respect to which the Stockholder or the Parent has been granted a proxy pursuant to the Investment Agreement shall be deemed to be beneficially owned by the Stockholder or the Parent."

6. Section 1.03 of the Governance Agreement is amended and restated to read in its entirety as set forth below:

Section 1.03. Voting Trust. Immediately following the Closing, the Stockholder and the Parent shall cause AP to deposit the Shares, and the Stockholder and the Parent shall deposit any other shares of Voting Securities Beneficially Owned by either of them or any of their Affiliates, into a voting trust (the "Voting Trust") to be established pursuant to a voting trust agreement (the

- 3 -

"Voting Trust Agreement") with an independent voting trustee in a form reasonably satisfactory to Parent and the Company and which shall include the following provisions for the voting of the shares of Voting Securities deposited therein: until the Standstill Termination Date, all such shares shall (a) be voted or consented on all matters submitted to a vote of the Company's stockholders, other than the election of directors, either (i) in the case of votes at a stockholders meeting, in the same proportion as the votes cast by

other holders of Voting Securities, or (ii) in the case of consents, so that the percentage of Stockholder Voting Power consented to on any matter equals the percentage of all other outstanding Voting Securities so consented; provided, that with respect to (x) any vote on a merger, reorganization, share exchange, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving the Company, any sale of all or substantially all of the Company's assets or any issuance of Voting Securities that would represent in excess of 20% of the Voting Power prior to such issuance, including any of the foregoing involving the Stockholder or the Parent, or (y) any amendment to the Company's amended and restated certificate of incorporation or by-laws that would materially and adversely affect the Stockholder (including through its effect on the Alliance Agreement and the rights of the Voting Securities Beneficially Owned by the Stockholder), such shares may be voted as directed by the Stockholder and (b) in the election of directors, for the election of the Independent Directors nominated by the Board of Directors of the Company determined by a Majority Vote; provided, that with respect to any election of directors in respect of which any Person other than the Company is soliciting proxies, the Stockholder and the Parent shall cause all such shares to be voted, at the option of the Stockholder, either (i) as recommended by the Board of Directors or (ii) in the same proportion as the votes cast by the other holders of Voting Securities. The Voting Trust Agreement shall also provide that the Voting Trust shall not issue voting trust certificates or any interest in the Voting Trust to a Person other than the Stockholder or any of its Affiliates.

7. Section 1.04 of the Governance Agreement is amended by (a) deleting from clause (a) thereof the words "by virtue of the Stockholder's representation on the Board of Directors of the Company, if any," (b) replacing the language in the parenthetical expression at the end of clause (a) thereof with the words "it being agreed that this paragraph shall not prohibit the Parent and its Subsidiaries, and their respective directors, officers and employees, from

- 4 -

engaging in ordinary course business activities with the Company or having periodic discussions with directors, officers and employees of the Company regarding the Company's business, it being understood that such matters shall not include matters that, under applicable antitrust laws, could not be discussed among competitors" and (c) replacing the language in clause (ii) of the proviso at the end of Section 1.04 in its entirety with the words "[intentionally omitted]".

8. Section 2.01 of the Governance Agreement is amended and restated to read in its entirety as set forth below:

Section 2.01. Composition of Board of Directors.

(a) The individuals listed on Exhibit 2.01 hereto shall, for purposes of this Agreement, constitute the

Independent Directors immediately after the consummation of the Stock Purchase (the "Closing").

(b) Following the Closing, and until the Standstill Termination Date, the Company, the Parent, the Stockholder and their respective Affiliates shall take all such actions as are required under applicable law to cause Independent Directors to constitute at all times at least a majority of the Board of Directors. At each annual meeting of stockholders of the Company following the Closing, or at any time that a vacancy in a seat previously occupied by an Independent Director on the Board of Directors is to be filled, the identity of the Independent Director or Directors to stand for election to the Board of Directors or to fill the vacancy, as the case may be, shall be determined by a Majority Vote.

(c) Without the prior written consent of the Parent, the Company shall not amend, alter or repeal its amended and restated certificate of incorporation or by-laws so as to eliminate or diminish the ability of stockholders of the Company to act by written consent or Section 1.10 of the Company's by-laws.

9. Section 7 of the Governance Agreement ("Post-Standstill Termination Date Board Composition") is deleted, Section 8, Section 8.01, and Section 9 are renumbered as Section 7, Section 7.01 and Section 8 respectively, references in the Governance Agreement to Section 8, Section 8.01 and Section 9 shall be modified accordingly, the phrase "except the

- 5 -

obligations of the Stockholder and the Parent pursuant to Section 7" is deleted from Section 6.07(c) and the phrase "(other than their obligations pursuant to Section 7)" is deleted from Section 8.01(c) (renumbered as Section 7.01(c)) the two times it appears.

10. The phrase "no less than 15% of the Voting Securities" in the last sentence of Section 8.01(c) of the Governance Agreement shall be changed to "Voting Securities representing no less than 15% of the Total Voting Power".

11. The Company hereby represents and warrants to the Parent and the Stockholder that this Second Amendment to the Governance Agreement has been approved by a Majority Vote.

12. This Second Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

13. Except as expressly modified by this Second Amendment to the Governance Agreement, all of the terms, conditions and provisions of the Governance Agreement shall remain unchanged and in full force and effect.

[The remainder of this page has intentionally been left blank]

- 6 -

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to the Governance Agreement to be executed as of the date first referred to above.

Northwest Airlines Corporation

By: /s/ Douglas M. Steenland

-----  
Douglas M. Steenland  
Executive Vice President,  
General Counsel and Secretary

Newbridge Parent Corporation

By: /s/ Douglas M. Steenland

-----  
Douglas M. Steenland  
Vice President, Secretary and  
Assistant Treasurer

Continental Airlines, Inc.

By: /s/ Jeffery A. Smisek

-----  
Jeffery A. Smisek  
Executive Vice President,  
General Counsel and Secretary

[Signature Page to Second Amendment]



SUPPLEMENTAL AGREEMENT

Supplemental Agreement dated as of November 20, 1998, among Continental Airlines, Inc., a Delaware corporation (the "Company"), Newbridge Parent Corporation, a Delaware corporation (the "Stockholder"), and Northwest Airlines Corporation, a Delaware corporation that is the holder of all of the outstanding stock of the Stockholder ("Parent").

WHEREAS, the Parent, the Stockholder and Air Partners, L.P., a Texas limited partnership ("AP"), have entered into an Investment Agreement dated as of January 25, 1998, as amended by Amendment No. 1 dated February 27, 1998 and Amendment No. 2 dated as of the date hereof (the "Investment Agreement"), to which the Company is not a party and, pursuant to which, among other things, the Stockholder has acquired the outstanding interests in AP and certain shares of Class A Common Stock, par value \$.01 per share ("Class A Common Stock"), held by certain affiliates of AP resulting in its Beneficial Ownership of 8,535,868 shares of Class A Common Stock of the Company (the "Stock Purchase");

WHEREAS, the Stockholder and the Parent Beneficially Own an additional 979,000 shares of Class A Common Stock (the "Additional Shares") pursuant to a Purchase Agreement dated as of March 2, 1998, among the Stockholder, the Parent, Barlow Investors III, LLC, a California limited liability company, and the guarantors signatory thereto;

WHEREAS, Northwest Airlines, Inc., an indirect wholly owned subsidiary of Parent, and the Company have entered into a Master Alliance Agreement dated as of January 25, 1998 (the "Alliance Agreement");

WHEREAS, as a condition to entering into the Alliance Agreement, the Company required that the Parent and the Stockholder enter into the Governance Agreement with the Company dated as of January 25, 1998, which agreement was subsequently amended by a First Amendment to the Governance Agreement dated as of March 2, 1998 and is being amended by a Second Amendment dated as of the date hereof;

WHEREAS, the Parent has been in discussions with the United States Department of Justice ("DOJ") regarding the terms of the Investment Agreement, and the Parent and the Company have been in discussions with DOJ regarding the terms of the Alliance Agreement, and the Governance Agreement (the Investment Agreement, the Alliance Agreement and the Governance Agreement together, the "Agreements") in connection with DOJ's antitrust review of the transactions contemplated by the Agreements;

WHEREAS, the Parent and the Company believe that the transactions contemplated by the Agreements are procompetitive and beneficial to consumers;

WHEREAS, the DOJ has expressed concerns about the effect on competition of certain terms of the Agreements;

WHEREAS, the Parent and the Stockholder believe that it is desirable that certain of the terms and conditions of the Governance Agreement be supplemented and extended to obviate the concerns of DOJ;

WHEREAS, the Parent and the Stockholder have requested that the Company enter into this Agreement to obviate the concerns of DOJ; and

WHEREAS, the Company is willing to agree to enter into this Agreement to facilitate the prompt closing of the transactions contemplated by the Investment Agreement and the subsequent realization by the Company and its stockholders of the expected benefits of the Alliance Agreement.

NOW, THEREFORE, the Company, the Stockholder and the Parent, intending to be legally bound, hereby agree as follows:

Section 1. Defined Terms. Capitalized terms not otherwise defined herein shall have their respective meanings set forth in Section 28 of this Agreement.

Section 2. Independent Directors. During the Supplemental Period, except in accordance with the proviso to Section 5, the Company, the Parent, the Stockholder and their respective Affiliates shall take all such actions as are required under applicable law to cause Independent Directors to constitute at all times at least a majority of the Board of Directors. At each annual meeting of stockholders of the Company, or at any time that a vacancy in a seat previously occupied by an Independent Director on the Board of Directors is to be filled, the identity of the Independent Director or Directors to stand for election to the Board of Directors or to fill the vacancy, as the case may be, shall be determined by a Majority Vote.

Section 3. Transactions Involving the Stockholder. During the Supplemental Period, any material transaction between the Company and the Parent, the Stockholder or any of their respective Affiliates, or relating to this Agreement or the Alliance Agreement, including without limitation, any amendment, modification or waiver of any provision hereof or thereof, shall not be taken without the prior approval thereof by a Majority Vote.

Section 4. Significant Actions. During the Supplemental Period, no action described in Exhibit 4 of this Agreement may be taken without the prior approval thereof by a Majority Vote.

Section 5. Voting Generally. During the Supplemental Period, subject to their obligations in Section 2 above, on all matters other than an Extraordinary Transaction, and except as permitted by Section 7, the Stockholder, the Parent and its Affiliates (a) may vote Voting Securities Beneficially Owned by them representing up to 20% of the Total Voting Power in their sole discretion and (b) shall cast any remaining Stockholder Voting Power (i) in the case of votes at a stockholders meeting, in the same proportion as the votes cast by the other holders of Voting Securities and (ii) in the case of action by written consent, so that such percentage of Stockholder Voting Power consented to on any matter equals the percentage of all other outstanding Voting Securities so consented; provided, that with respect to any election of directors in respect of which any Person other than the Company is soliciting proxies, (x) all shares referred to in clause (a) shall no longer be subject to Section 2, and (y) the Stockholder and the Parent shall cause all shares referred to in clause (b) to be voted, at the option of the Stockholder, either (i) as recommended by the Board of Directors or (ii) in the same proportion as the votes cast by the other holders of Voting Securities.

Section 6. Extraordinary Transactions. During the Supplemental Period, the Stockholder, the Parent and their respective Affiliates may vote the Voting Securities Beneficially Owned by them in their sole discretion with respect to any

Extraordinary Transaction.

Section 7. Rights Plan. If, during the Supplemental Period, the Company redeems the rights issued under the Rights Plan or amends the Rights Plan to permit a third party

- 4 -

to acquire Beneficial Ownership of Voting Securities in excess of the 15% limitation set forth in the definition of "Acquiring Person" in the Rights Plan, the Stockholder, the Parent and their Affiliates may, after such redemption or amendment, vote the Voting Securities Beneficially Owned by them in their sole discretion; provided, that if thereafter no third party has exceeded the 15% limitation and the Company either adopts a new Eligible Rights Plan or amends the Rights Plan such that a third party may not acquire Beneficial Ownership of Voting Securities in excess of the 15% limitation, then the voting restrictions in Section 2 and Section 5 shall be reinstated.

Section 8. Restrictions on Transfer. During the Supplemental Period, neither the Stockholder nor the Parent will Transfer or permit any of their respective Affiliates to Transfer any Voting Securities to any transferee who, together with its Affiliates and Associates, would, to the knowledge of the Parent or the Stockholder, Beneficially Own in excess of 10% of the Total Voting Power as a result of such Transfer; provided, however, that the foregoing shall not restrict (a) Transfers of Voting Securities by the Stockholder to any of its controlled Affiliates provided that any such controlled Affiliate agrees in writing to be bound by the provisions of this Agreement applicable to the Stockholder, (b) Transfers of Voting Securities pursuant to any tender or exchange offer to acquire Voting Securities approved and recommended by the Company's Board of Directors (which recommendation has not been withdrawn), (c) Transfers of Voting Securities to the Stockholder provided that such Voting Securities are immediately transferred to the public stockholders of the Stockholder by means of a pro rata dividend or other pro rata distribution, (d) Transfers of the Shares by the Voting Trust to the Stockholder upon termination of the Voting Trust, and (e) Transfers of Voting Securities to the B/C/P Group.

- 5 -

Section 9. Issuance of Class A Common Stock. During the Supplemental Period, the Company shall not issue any additional shares of Class A Common Stock or securities convertible into or exercisable or exchangeable for shares of Class A Common Stock or enter into any agreement or arrangement to do the same without giving the Stockholder pre-emptive rights which shall permit the Stockholder to acquire shares of Class A Common Stock concurrently with any such issuance.

Section 10. Issuance of Class B Common Stock. During the Supplemental Period, the Company shall not, without giving the Stockholder pre-emptive rights, issue shares of Class B Common Stock or securities convertible into or exercisable or exchangeable for shares of Class B Common Stock except to the extent that such shares (including underlying shares, in the case of securities convertible into or exercisable or exchangeable for shares of Class B Common Stock) (a) in the case of such shares or convertible securities issued for the purpose of fulfillment of the Company's obligations under any present or future stock option plan, do not exceed the number of shares issued under such plans consistent with past practices (which practices, for this purpose, are understood by the parties to include the issuance of the number of shares of Class B Common Stock authorized under the Company's 1998 Stock Incentive Plan), (b) in the case of such

shares or convertible securities issued for any other purpose, do not exceed in the aggregate 10% of the number of shares of Class B Common Stock outstanding on January 25, 1998 or (c) are issued pursuant to options, warrants or convertible securities issued and outstanding on, or commitments to issue such shares that are in effect on, January 25, 1998, and which were disclosed in Section 4.01(b) of the disclosure schedule to the Governance Agreement.

- 6 -

Section 11. Certain Adverse Actions. During the Supplemental Period, the Company shall not, without the prior written consent of the Parent, amend, alter or repeal its amended and restated certificate of incorporation or by-laws so as to eliminate or diminish the ability of stockholders of the Company to act by written consent or Section 1.10 of the Company's by-laws.

Section 12. No Amendment. During the Supplemental Period, the Company shall not seek a vote of its stockholders approving any amendment to the Company's amended and restated certificate of incorporation or by-laws, nor shall it take any other action, without the consent of the Parent, that would (a) eliminate Air Partner's right in Section 2(e) of the Company's amended and restated certificate of incorporation to convert shares of Class A Common Stock into shares of Class D Common Stock, (b) cause Section 203 of the Delaware General Corporation Law to be applicable to the Company or (c) adopt an "interested stockholder" provision.

Section 13. Executive Committee. During the Supplemental Period, the authority of the Executive Committee of the Company's Board of Directors shall not be amended or modified from that set forth in the attached "Executive Committee Charter" without the prior consent of the Parent.

Section 14. Eligible Rights Plan. The Company covenants and agrees that, during the Supplemental Period, so long as the Parent Beneficially Owns no less than 15% of the Total Voting Power, the Company shall not (a) amend the Rights Plan so as to cause it not to constitute an Eligible Rights Plan or (b) adopt a shareholder rights plan that is not an Eligible Rights Plan.

- 7 -

Section 15. Post-Ten Year Anniversary Board Composition. After the earlier to occur of the (a) tenth anniversary of the Closing and (b) a termination of Sections 2 through 14 of this Agreement under Section 25(b), and until this Agreement terminates as provided in Section 25(a) (the "Post-Ten Year Anniversary Period"), the Parent and the Stockholder shall take, and shall cause to be taken, such actions as are necessary to cause the Board of Directors to include at least five directors who are independent of and otherwise unaffiliated with the Parent or the Company and shall not be an officer or an employee, consultant or advisor (financial, legal or otherwise) of the Parent or the Company or any of their respective Affiliates, or any person who shall have served in such capacity within the three-year period immediately preceding the date such determination is made.

Section 16. Post-Ten Year Anniversary Board Power. During the Post-Ten Year Anniversary Period, any material transaction between the Company and the Parent, the Stockholder or any of their respective Affiliates, or relating to this Agreement or the Alliance Agreement, including without limitation, any amendment, modification or waiver of any

provision hereof or thereof, shall not be taken without the prior approval thereof by a majority of the five independent directors described in Section 15.

Section 17. Representations and Warranties of the Company. The Company represents and warrants to the Parent and the Stockholder that (a) the Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the corporate power and authority to enter into this Agreement and to carry out its obligations hereunder, (b) the execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company and by Majority Vote

- 8 -

and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or any of the transactions contemplated hereby, and (c) this Agreement has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company, and is enforceable against the Company in accordance with its terms (subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other similar laws affecting creditors' rights generally from time to time in effect and to general principles of equity, including concepts of materiality, reasonableness, good faith and fair dealing, regardless of whether in a proceeding at equity or at law).

Section 18. Representations and Warranties of the Parent. The Parent represents and warrants to the Company that (a) it and the Stockholder are corporations duly organized, validly existing and in good standing under the laws of the State of Delaware and each has the power and authority to enter into this Agreement and to carry out its respective obligations hereunder, (b) the execution and delivery of this Agreement by the Parent and the Stockholder and the consummation by each of them of the transactions contemplated hereby have been duly authorized by all necessary action on their parts and no other proceedings on their parts are necessary to authorize this Agreement or any of the transactions contemplated hereby, and (c) this Agreement has been duly executed and delivered by the Parent and the Stockholder and constitutes a valid and binding obligation of each of them, and is enforceable against each of them in accordance with its terms (subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other similar laws affecting creditors' rights generally from time to time in effect and to general principles of equity, including concepts of materiality, reasonableness, good faith and fair dealing, regardless of whether in a proceeding at equity or at law).

-9 -

Section 19. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including telecopy) and shall be given,

if to the Company, to:

Continental Airlines, Inc.  
Dept. HQS-EO  
Continental Tower  
1600 Smith Street  
Houston, Texas 77002  
Attention: General Counsel  
Fax: (713) 324-2687

with a copy to:

Morris, Nichols, Arsht & Tunnell  
1201 N. Market Street  
P.O. Box 1347  
Wilmington, DE 19899-1347  
Attention: A. Gilchrist Sparks, III  
Fax: (302) 658-3989

if to the Parent, to:

Northwest Airlines Corporation  
5101 Northwest Drive  
St. Paul, Minnesota 55111  
Attention: General Counsel  
Fax: (612) 726-7123

with a copy to:

Simpson Thacher & Bartlett  
425 Lexington Avenue  
New York, New York 10017-3954  
Attention: Robert L. Friedman, Esq.  
Fax: (212) 455-2502

if to the Stockholder, to:

Newbridge Parent Corporation  
5101 Northwest Drive  
St. Paul, Minnesota 55111  
Attention: General Counsel  
Fax: (612) 726-7123

- 10 -

with a copy to:

Simpson Thacher & Bartlett  
425 Lexington Avenue  
New York, New York 10017-3954  
Attention: Robert L. Friedman, Esq.  
Fax: (212) 455-2502

or such address or telecopy number as such party may hereafter specify for the purpose by notice to the other parties hereto. Each such notice, request or other communication shall be effective when delivered personally, telegraphed, or telecopied, or, if mailed, five business days after the date of the mailing.

Section 20. Amendments; No Waivers.

(a) Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver has been approved pursuant to Section 3 (or, during the Post-Ten Year Anniversary Period, pursuant to Section 16) and is in writing and signed, in the case of an amendment, by the parties hereto, or in the case of a waiver, by the party against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 21. Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

Section 22. Governing Law; Consent to Jurisdiction.

(a) This Agreement shall be construed in accordance with and governed by the internal laws of the State of Delaware.

(b) Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby may be brought in any federal court located in the State of Delaware or any Delaware state court, and each of the parties hereby consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is being brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 19 shall be deemed effective service of process on such party.

Section 23. Counterparts; Effectiveness. This

Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received counterparts hereof signed by the other party hereto.

Section 24. Specific Performance. The parties hereto

each acknowledge and agree that the parties' respective remedies at law for a breach or threatened breach of any of the provisions of this Agreement would be inadequate and, in recognition of that fact, agree that, in

the event of a breach or threatened breach by any of them of the provisions of this Agreement, in addition to any remedies at law, the aggrieved party, without posting any bond and without any showing of irreparable injury shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available.

Section 25. Termination. (a) This Agreement shall

terminate upon the Stockholder and its Affiliates ceasing to Beneficially Own Voting Securities representing at least 10% of the Fully Diluted Voting Power.

(b) Sections 2 through 14 of this Agreement shall

terminate upon (i) a termination by the Company of the Alliance Agreement other than a bona fide termination in accordance with Section 16(b) of Exhibit C thereto, or (ii) a final determination in an arbitration conducted in accordance with Section 22(c) of the Alliance Agreement that the Company has breached any material provision of the Alliance Agreement and that such breach gives rise to the right of Northwest Airlines, Inc. to terminate the Alliance Agreement in accordance with Section 16(b) (i) of Exhibit C thereto.

Section 26. Severability. If any term, provision,

covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the

remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated, provided that the parties hereto shall negotiate in good faith to attempt to place the parties in the same position as they would have been in had such provision not been held to be invalid, void or unenforceable.

- 13 -

Section 27. Non-Exclusivity. No action or transaction taken in accordance with the express provisions of, and as expressly permitted by, any provision of this Agreement shall be treated as a breach of any other provision of this Agreement, notwithstanding that such action or transaction shall not have been expressly excepted from such latter provision.

Section 28. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

"Affiliate" shall have the meaning set forth in Rule 12b-2 under the Exchange Act (as in effect on January 25, 1998).

"Alliance Agreement" shall have the meaning set forth in the recitals hereto.

"Associate" shall have the meaning set forth in Rule 12b-2 under the Exchange Act (as in effect on January 25, 1998).

"B/C/P Group" shall mean David Bonderman, James Coulter or William S. Price, III, or any Person with respect to which one or more of them (i) directly or indirectly controls at least 50.1% of the voting power, (ii) directly or indirectly controls at least 50.1% of the equity, or (iii) directly or indirectly controls in a manner substantially similar to the control that the general partner of Air Partners has over Air Partners pursuant to and as provided in the "Partnership Agreement" (as defined in the Investment Agreement), which Persons described in clause (iii) shall include 1998 CAI Partners, L.P., a Texas limited partnership, under its partnership agreement and ownership structure in effect on the date hereof.

"Beneficially Own" or "Beneficial Ownership" with respect to any securities shall mean having "beneficial ownership" of such securities (as determined pursuant to Rule 13d-3 under the Exchange Act), including pursuant to any agreement, arrangement or understanding, whether or not in writing.

- 14 -

"Board of Directors" shall mean the board of directors of the Company.

"Class A Common Stock" shall mean the Class A Common Stock, par value \$0.01 per share, of the Company.

"Class B Common Stock" shall mean the Class B Common Stock, par value \$0.01 per share, of the Company.

"Class D Common Stock" shall mean the Class D Common Stock, par value \$0.01 per share, of the Company.

"Closing" shall mean the closing of the Stock Purchase under the Investment Agreement.

"Company Common Stock" shall mean Class A Common Stock, Class B Common Stock or Class D Common Stock.



"Eligible Rights Plan" shall have the meaning set forth in Section 8.01(c) of the Governance Agreement.

"Exchange Act" shall mean the Securities Exchange Act of 1934.

"Extraordinary Transaction" shall mean (a) a merger, reorganization, share exchange, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving the Company, any sale of all or substantially all of the Company's assets or any issuance of Voting Securities that would represent in excess of 20% of the Total Voting Power prior to such issuance, including any of the foregoing involving the Stockholder or the Parent or (b) any amendment to the Company's amended and restated certificate of

- 15 -

incorporation or by-laws that would materially and adversely affect the Stockholder (including through its effect on the Alliance Agreement and the rights of the Voting Securities Beneficially Owned by the Stockholder).

"Fully Diluted Voting Power" of any Person shall be calculated by dividing (a) the sum of (i) ten times the aggregate number of shares of Company Class A Common Stock beneficially owned by such Person (assuming exercise of all outstanding securities held by such Person that are convertible into or exercisable or exchangeable for shares of Company Class A Common Stock) and (ii) the number of shares of Company Class B Common Stock beneficially owned by such Person (assuming exercise of all outstanding securities held by such Person that are convertible into or exercisable or exchangeable for shares of Company Class B Common Stock) by (b) the sum of (i) ten times the aggregate number of outstanding shares of Company Class A Common Stock (assuming the exercise of all outstanding securities convertible into or exercisable or exchangeable for shares of Company Class A Common Stock) and (ii) the aggregate number of outstanding shares of Company Class B Common Stock (assuming the exercise of all outstanding securities convertible into or exercisable or exchangeable for shares of Company Class B Common Stock).

"Governance Agreement" shall mean the Governance Agreement between the Company, the Parent and the Stockholder dated as of January 25, 1998, as amended by the First Amendment to the Governance Agreement dated as of March 25, 1998 and the Second Amendment to the Governance Agreement dated as of the date hereof.

"Independent Director" shall mean any person listed on Exhibit 2.01 to the Governance Agreement, (ii) and any other person selected as an Independent Director in

- 16 -

accordance with Section 2 of this Agreement and (iii) any other person, who is elected to the Board of Directors in an election of directors in respect of which any Person other than the Company is soliciting proxies; provided that any such other person so selected shall be independent of and otherwise unaffiliated with the Parent or the Company (other than as an Independent Director), and shall not be an officer or an employee, consultant or advisor (financial, legal or other) of the Parent or the Company or any of their respective Affiliates, or any person who shall have served in any such capacity within the three-year period immediately preceding the date such determination is made.

"Investment Agreement" shall have the meaning set forth in the recitals hereto.

"Majority Vote" shall mean the affirmative vote of a majority of the Board of Directors, including the affirmative vote of a majority of the Independent Directors.

"Person" shall mean any individual, partnership (limited or general), joint venture, limited liability company, corporation, trust, business trust, unincorporated organization, government or department or agency of a government.

"Rights Plan" shall mean the Rights Agreement dated as of November 20, 1998 between the Company and Harris Trust and Savings Bank.

"Stockholder Voting Power" at any time shall mean the aggregate voting power in the general election of directors of all Voting Securities then Beneficially Owned by the Stockholder and its Affiliates.

"Stock Purchase" shall have the meaning set forth in the recitals hereto.

- 17 -

"Subsidiary" shall mean, as to any Person, any Person at least a majority of the shares of stock or other equity interests of which having general voting power under ordinary circumstances to elect a majority of the board of directors (or comparable governing body) thereof (irrespective of whether or not at the time stock or equity of any other class or classes shall have or might have voting power by reason of the happening of any contingency) is, at the time as of which the determination is being made, owned by such Person, or one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries.

"Supplemental Period" shall mean the period beginning on the sixth anniversary of the Closing and ending on the tenth anniversary of the Closing.

"Total Voting Power" at any time shall mean the total combined voting power in the general election of directors of all the Voting Securities then outstanding.

"Transfer" shall mean any sale, exchange, transfer, pledge, encumbrance or other disposition, and "to Transfer" shall mean to sell, exchange, transfer, pledge, encumber or otherwise dispose of.

"Voting Securities" shall mean at any time shares of any class of capital stock of the Company which are then entitled to vote generally in the election of directors including, without limitation, the Class A Common Stock and the Class B Common Stock.

[Remainder of this page intentionally left blank]

- 18 -

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first referred to above.

NORTHWEST AIRLINES CORPORATION

By: /s/ Douglas M. Steenland

-----  
Douglas M. Steenland  
Executive Vice President,  
General Counsel and Secretary

NEWBRIDGE PARENT CORPORATION

By: /s/ Douglas M. Steenland

-----  
Douglas M. Steenland  
Vice President, Secretary and  
Assistant Treasurer

CONTINENTAL AIRLINES, INC.

By: /s/ Jeffery A. Smisek

-----  
Jeffery A. Smisek  
Executive Vice President,  
General Counsel and  
Secretary

[Signature Page for Supplemental Agreement]

EXHIBIT 4 TO SUPPLEMENTAL AGREEMENT  
(Significant Actions)

1. Any amendment to the certificate of incorporation or by-laws of the Company.
2. Any reclassification, combination, split, subdivision, redemption, purchase or other acquisition, directly or indirectly, of any debt or equity security of the Company or any Subsidiary of the Company (other than pursuant to existing stock option plans or agreements or by or on behalf of any existing employee benefit plan of the Company).
3. Any sale, lease, transfer or other disposition (other than in the ordinary course of business consistent with past practice), in one or more related transactions, of the assets of the Company or any Subsidiary, the book value of which assets exceeds 5% of the consolidated assets of the Company and its Subsidiaries.
4. Any merger, consolidation, liquidation or dissolution of the Company or any Subsidiary of the Company, other than any such merger or consolidation of any Subsidiary of the Company with and into the Company or another wholly-owned Subsidiary of the Company.
5. Any acquisition of any other business which would constitute a "Significant Subsidiary" (as defined in Section 1.02 of Regulation S-X under the Exchange Act) of the Company.
6. Any acquisition by the Company or any Subsidiary of

the Company of assets (not in the ordinary course of business consistent with past practice) in one or more related

transactions which assets have a value which exceeds 5% of the consolidated assets of the Company and its Subsidiaries.

7. Any issuance or sale of any capital stock of the Company or any Subsidiary of the Company, other than issuance of capital stock of the Company authorized for issuance pursuant to stock plans or agreements in effect, or securities issued and outstanding, at the date of Closing.

8. Any declaration or payment of any dividend or distribution with respect to shares of the capital stock of the Company or any Subsidiary (other than wholly-owned Subsidiaries of the Company).

9. Any incurrence, assumption or issuance by the Company or its Subsidiaries of any indebtedness for money borrowed, not in the ordinary course of business consistent with past practice, if, immediately after giving effect thereto and the application of proceeds therefrom, the aggregate amount of such indebtedness of the Company and its Subsidiaries would exceed \$500 million.

10. Establishment of, or continued existence of, any committee of the Board of Directors with the power to approve any of the foregoing.

11. The termination or election or appointment of executive officers of the Company.