SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No.)*

Continental Airlines, Inc.
(Name of Issuer)

Class A Common Stock and Class B Common Stock
(Title of Class of Securities)

210795209 and 210795308
(CUSIP Number)

James J. O'Brien
201 Main Street, Suite 2420
Fort Worth, Texas 76102
(817) 871-4000
(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications)

July 27, 1995
(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box / /.

Check the following box if a fee is being paid with the statement /X/.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

**The total number of shares reported herein is 4,267,934 and 6,199,745 of Class A and Class B shares, respectively, which constitutes approximately 54.6% and 25.5%, respectively, of the total number of Class A and Class B shares outstanding. The foregoing ownership percentages set forth herein assume that there are 7,820,790 and 24,279,310 shares of the Class A and Class B Common Stock, respectively, outstanding.

1. Name of Reporting Person:

Air Partners, L.P.

2. Check the Appropriate Box if a Member of a Group:
(a) / /

(b) /X/

3. SEC Use Only

4. Source of Funds: OO-Partnership Contributions

5. Check Box if Disclosure of Legal Proceedings is Required Pursuant to Item 2(d) or 2(e): / /

6. Citizenship or Place of Organization: Texas

Number of Shares Beneficially Owned By Each Reporting Person With	7.	Sole Voting Power: Class A - 2,740,000 (1) Class B - 2,414,113 (1)
	8.	Shared Voting Power: -0-
	9.	Sole Dispositive Power: Class A - 2,740,000 (1) Class B - 2,414,113 (1)
	10.	Shared Dispositive Power: -0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person:
Class A - 4,259,734 (2)
Class B - 5,796,745 (3)

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares:
/x/ See Item 2.

13. Percent of Class Represented by Amount in Row (11):
Class A - 54.5% (2)(4)
Class B - 23.9% (3)(5)

14. Type of Reporting Person: PN

---

(1) Power is exercised through its two general partners, 1992 Air GP and Air II General, Inc. Additionally, the voting and dispositive power with respect to the shares of Class A Common Stock and Class B Common Stock held by Air Partners, L.P. may, under certain circumstances, be deemed to be shared with, or may be exercised by, the limited partners of Air Partners, L.P. as further described in Item 6 hereof.

(2) Assumes the exercise of warrants to purchase 1,519,734 shares of Class A Common Stock.

(3) Assumes the exercise of warrants to purchase 3,382,632 shares of Class B Common Stock.

(4) Assumes, pursuant to Rule 13d-3(d)(1)(i) under the Act, that there are 7,820,790 shares of Class A Common Stock outstanding which includes the warrants to purchase shares of Class A Common Stock held by Air Partners, L.P. but does not include warrants held by any other persons.

(5) Assumes, pursuant to Rule 13d-3(d)(1)(i) under the Act, that there are 24,276,310 shares of Class B Common Stock outstanding which includes the warrants to purchase shares of Class B Common Stock held by Air Partners, L.P. but does not include warrants held by any other persons.

1. Name of Reporting Person:

1992 Air GP

2. Check the Appropriate Box if a Member of a Group:
(a) / /

(b) /X/

3. SEC Use Only

4. Source of Funds: Not Applicable

5. Check Box if Disclosure of Legal Proceedings is Required Pursuant to Item 2(d) or 2(e): / /

6. Citizenship or Place of Organization: Texas

	7.	Sole Voting Power: -0-
Number of Shares Beneficially Owned By Each Reporting Person With	8.	Shared Voting Power: Class A - 2,740,000 (1)(2) Class B - 2,414,113 (1)(2)
	9.	Sole Dispositive Power: -0-
	10.	Shared Dispositive Power: Class A - 2,740,000 (1)(2) Class B - 2,414,113 (1)(2)

11. Aggregate Amount Beneficially Owned by Each Reporting Person:
Class A - 4,259,734 (2)(3)
Class B - 5,796,745 (2)(4)

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares:
/x/ See Item 2.

13. Percent of Class Represented by Amount in Row (11):
Class A - 54.5% (3)(5)
Class B - 23.9% (4)(6)

14. Type of Reporting Person: PN

---

(1) Power is exercised through its majority general partner, 1992 Air, Inc. Additionally, the voting and dispositive power with respect to the shares of Class A Common Stock and Class B Common Stock held by Air Partners, L.P. may, under certain circumstances, be deemed to be shared with, or may be exercised by, the limited partners of Air Partners, L.P. as further described in Item 6 hereof.

(2) Solely in its capacity as one of two general partners of Air Partners, L.P.

(3) Assumes the exercise of warrants to purchase 1,519,734 shares of Class A Common Stock.

(4) Assumes the exercise of warrants to purchase 3,382,632 shares of Class B Common Stock.

(5) Assumes, pursuant to Rule 13d-3(d)(1)(i) under the Act, that there are 7,820,790 shares of Class A Common Stock outstanding which includes the warrants to purchase shares of Class A Common Stock held by Air Partners, L.P. but does not include warrants held by any other persons.

(6) Assumes, pursuant to Rule 13d-3(d)(1)(i) under the Act, that there are 24,276,310 shares of Class B Common Stock outstanding which includes the warrants to purchase shares of Class B Common Stock held by Air Partners, L.P. but does not include warrants held by any other persons.

1. Name of Reporting Person:

Air II General, Inc.

2. Check the Appropriate Box if a Member of a Group:
(a) / /

(b) /X/

3. SEC Use Only

4. Source of Funds: Not Applicable

5. Check Box if Disclosure of Legal Proceedings is Required Pursuant to Item 2(d) or 2(e): / /

6. Citizenship or Place of Organization: Texas

7. Sole Voting Power: -0-

Number of Shares Beneficially Owned By Each Reporting Person With

8. Shared Voting Power:
Class A - 2,740,000 (1)(2)
Class B - 2,414,113 (1)(2)

9. Sole Dispositive Power: -0-

10. Shared Dispositive Power:
Class A - 2,740,000 (1)(2)
Class B - 2,414,113 (1)(2)

11. Aggregate Amount Beneficially Owned by Each Reporting Person:
Class A - 4,259,734 (2)(3)
Class B - 5,796,745 (2)(4)

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares:
/x/ See Item 2.

13. Percent of Class Represented by Amount in Row (11):
Class A - 54.5% (3)(5)
Class B - 23.9% (4)(6)

14. Type of Reporting Person: CO

---

(1) Power is exercised through its controlling shareholder, David Bonderman. Additionally, the voting and dispositive power with respect to the shares of Class A Common Stock and Class B Common Stock held by Air Partners, L.P. may, under certain circumstances, be deemed to be shared with, or may be exercised by, the limited partners of Air Partners, L.P. as further described in Item 6 hereof.

(2) Solely in its capacity as one of two general partners of Air Partners, L.P.

(3) Assumes the exercise of warrants to purchase 1,519,734 shares of Class A Common Stock.

(4) Assumes the exercise of warrants to purchase 3,382,632 shares of Class B Common Stock.

(5) Assumes, pursuant to Rule 13d-3(d)(1)(i) under the Act, that there are 7,820,790 shares of Class A Common Stock outstanding which includes the warrants to purchase shares of Class A Common Stock held by Air Partners, L.P. but does not include warrants held by any other persons.

(6) Assumes, pursuant to Rule 13d-3(d)(1)(i) under the Act, that there are 24,276,310 shares of Class B Common Stock outstanding which includes the warrants to purchase shares of Class B Common Stock held by Air Partners, L.P. but does not include warrants held by any other persons.

1. Name of Reporting Person:

1992 Air, Inc.

2. Check the Appropriate Box if a Member of a Group:
(a) / /

(b) /X/

3. SEC Use Only

4. Source of Funds: Not Applicable

5. Check Box if Disclosure of Legal Proceedings is Required Pursuant to Item 2(d) or 2(e): / /

6. Citizenship or Place of Organization: Texas

	7.	Sole Voting Power: -0-
Number of Shares Beneficially Owned By Each Reporting Person With	8.	Shared Voting Power: Class A - 2,740,000 (1)(2) Class B - 2,414,113 (1)(2)
	9.	Sole Dispositive Power: -0-
	10.	Shared Dispositive Power: Class A - 2,740,000 (1)(2) Class B - 2,414,113 (1)(2)

11. Aggregate Amount Beneficially Owned by Each Reporting Person:
Class A - 4,259,734 (2)(3)
Class B - 5,796,745 (2)(4)

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares:
/x/ See Item 2.

13. Percent of Class Represented by Amount in Row (11):
Class A - 54.5% (3)(5)
Class B - 23.9% (4)(6)

14. Type of Reporting Person: CO

---

(1) Power is exercised through its controlling shareholder, David Bonderman. Additionally, the voting and dispositive power with respect to the shares of Class A Common Stock and Class B Common Stock held by Air Partners, L.P. may, under certain circumstances, be deemed to be shared with, or may be exercised by, the limited partners of Air Partners, L.P. as further described in Item 6 hereof.

(2) Solely in its capacity as one of two general partners of 1992 Air GP.

(3) Assumes the exercise of warrants to purchase 1,519,734 shares of Class A Common Stock.

(4) Assumes the exercise of warrants to purchase 3,382,632 shares of Class B Common Stock.

(5) Assumes, pursuant to Rule 13d-3(d)(1)(i) under the Act, that there are 7,820,790 shares of Class A Common Stock outstanding which includes the warrants to purchase shares of Class A Common Stock held by Air Partners, L.P. but does not include warrants held by any other persons.

(6) Assumes, pursuant to Rule 13d-3(d)(1)(i) under the Act, that there are 24,276,310 shares of Class B Common Stock outstanding which includes the warrants to purchase shares of Class B Common Stock held by Air Partners, L.P. but does not include warrants held by any other persons.

1. Name of Reporting Person:

David Bonderman

2. Check the Appropriate Box if a Member of a Group:
(a) / /

(b) /X/

3. SEC Use Only

4. Source of Funds: Not Applicable

5. Check Box if Disclosure of Legal Proceedings is Required Pursuant to Item 2(d) or 2(e): / /

6. Citizenship or Place of Organization: David Bonderman is a citizen of the United States of America.

	7.	Sole Voting Power: Class A - 8,200 (1) Class B - 200,000 (2)
Number of Shares Beneficially Owned By Each Reporting Person With	8.	Shared Voting Power: Class A - 2,740,000 (3) Class B - 2,414,113 (3)
	9.	Sole Dispositive Power: Class A - 8,200(1) Class B - 200,000 (2)
	10.	Shared Dispositive Power: Class A - 2,740,000 (3) Class B - 2,414,113 (3)

11. Aggregate Amount Beneficially Owned by Each Reporting Person:
Class A - 4,267,934 (1)(3)(4)(9)
Class B - 6,199,745 (2)(3)(5)(8)(9)

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares:
/x/ See Item 2.

13. Percent of Class Represented by Amount in Row (11):
Class A - 54.6% (4)(6)
Class B - 25.5% (2)(5)(7)(8)

14. Type of Reporting Person: IN

---

(1) Solely in his capacity as general partner of the Bonderman Family Limited Partnership with respect to 8,200 shares.

(2) Solely in his capacity as general partner of the Bonderman Family Limited Partnership with respect to 200,000 shares.

(3) Solely in his capacity as the controlling shareholder of each of Air II General, Inc. and 1992 Air, Inc. with respect to 2,740,000 shares of Class B Common Stock and 2,414,113 shares of Class A Common Stock. Additionally, the voting and dispositive power with respect to the shares of Class A Common Stock and Class B Common Stock held by Air Partners, L.P. may, under certain circumstances, be deemed to be shared with, or may be exercised by, the limited partners of Air Partners, L.P. as further described in Item 6 hereof.

(4) Assumes the exercise of warrants to purchase 1,519,734 shares of Class A Common Stock.

(5) Assumes the exercise of warrants to purchase 3,382,632 shares of Class B Common Stock.

(6) Assumes, pursuant to Rule 13d-3(d)(1)(i) under the Act, that there are 7,820,790 shares of Class A Common Stock outstanding which includes the warrants to purchase shares of Class A Common Stock held by Air Partners, L.P. but does not include warrants held by any other persons.

(7) Assumes, pursuant to Rule 13d-3(d)(1)(i) under the Act, that there are 24,279,310 shares of Class B Common Stock outstanding which includes the warrants to purchase shares of Class B Common Stock held by Air Partners, L.P. and the director options held by Mr. Bonderman but does not include warrants held by any other persons.

(8) Assumes the exercise of options held by Bonderman Family Limited Partnership to purchase an aggregate of 200,000 shares of Class B Common Stock and outside director stock options held by Mr. Bonderman to purchase 3,000 shares of Class B Common Stock.

(9) Mr. Bonderman also holds, directly and indirectly, limited

partnership interests in Air Partners, L.P. On the basis of certain provisions of the limited partnership agreement of Air Partners, L.P. (the "Partnership Agreement"), Mr. Bonderman may be deemed to beneficially own the shares of Class A Common Stock and Class B Common Stock beneficially owned by Air Partners, L.P. that are attributable to such limited partnership interests. Pursuant to Rule 13d-4 under the Act, Mr. Bonderman disclaims beneficial ownership of any such shares.

1. Name of Reporting Person:

Bonderman Family Limited Partnership

2. Check the Appropriate Box if a Member of a Group:
(a) / /

(b) /X/

3. SEC Use Only

4. Source of Funds: WC

5. Check Box if Disclosure of Legal Proceedings is Required Pursuant to Item 2(d) or 2(e): / /

6. Citizenship or Place of Organization: Texas

	7.	Sole Voting Power: Class A - 8,200(1) Class B - 200,000 (1)
Number of Shares Beneficially Owned By Each Reporting Person With	8.	Shared Voting Power: Class A - 46,322(3) Class B - 40,813(3)
	9.	Sole Dispositive Power: Class A - 8,200(1) Class B - 200,000(1)
	10.	Shared Dispositive Power: Class A - 46,322(3) Class B - 40,813(3)

11. Aggregate Amount Beneficially Owned by Each Reporting Person:
Class A - 80,215 (3)(4)
Class B - 498,000 (2)(3)(5)

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares:
/x/ See Item 2.

13. Percent of Class Represented by Amount in Row (11):
Class A - 1.3% (4)(6)
Class B - 2.4% (2)(5)(7)

14. Type of Reporting Person: PN

---

(1) Power is exercised through its general partner, David Bonderman.

(2) Assumes the exercise of 200,000 options to purchase Class B Common Stock.

(3) Bonderman Family Limited Partnership also holds a limited partnership interest in Air Partners, L.P. On the basis of certain provisions of the Partnership Agreement, Bonderman Family Limited Partnership may be deemed to beneficially own the shares of Class A Common Stock and Class B Common Stock beneficially owned by Air Partners, L.P. that are attributable to such limited partnership interest. Pursuant to Rule 13d-4 under the Act, Bonderman Family Limited Partnership disclaims beneficial ownership of all such shares.

(4) Assumes the exercise of warrants to purchase 25,693 shares of Class A Common Stock held by Air Partners, L.P. and attributable to the limited partnership interest in Air Partners, L.P. held by Bonderman Family Limited Partnership.

(5) Assumes the exercise of warrants to purchase 57,187 shares of Class B Common Stock held by Air Partners, L.P. and attributable to the limited partnership interest in Air Partners, L.P. held by Bonderman Family Limited Partnership.

(6) Assumes, pursuant to Rule 13d-3(d)(1)(i) under the Act, that there are 6,326,749 shares of Class A Common Stock outstanding which includes the warrants to purchase Class A Common Stock held by Air Partners, L.P. and attributable to the Bonderman Family Limited Partnership pursuant to the Partnership Agreement but does not include warrants held by any other persons.

(7) Assumes, pursuant to Rule 13d-3(d)(1)(i) under the Act, that there are 20,950,865 shares of Class B Common Stock Outstanding which includes the warrants to purchase Class B Common Stock held by Air Partners, L.P. and attributable to the Bonderman Family Limited Partnership pursuant to the Partnership Agreement but does not include warrants held by any other persons.

1. Name of Reporting Person:

Bondo Air Limited Partnership

2. Check the Appropriate Box if a Member of a Group:
(a) / /

(b) /X/

3. SEC Use Only

4. Source of Funds: Not Applicable

5. Check Box if Disclosure of Legal Proceedings is Required Pursuant to Item 2(d) or 2(e): / /

6. Citizenship or Place of Organization: Texas

Number of Shares Beneficially Owned By Each Reporting Person With	7.	Sole Voting Power: -0-
	8.	Shared Voting Power: Class A - 463,230 (1) Class B - 408,135 (1)
	9.	Sole Dispositive Power: -0-
	10.	Shared Dispositive Power: Class A - 463,230 (1) Class B - 408,135 (1)

11. Aggregate Amount Beneficially Owned by Each Reporting Person:
Class A - 720,159 (1)(2)
Class B - 980,010 (1)(3)

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares:
/X/ See Item 2.

13. Percent of Class Represented by Amount in Row (11):
Class A - 11.0% (2)(4)
Class B - 4.6% (3)(5)

14. Type of Reporting Person: PN

---

(1) Solely in its capacity as a limited partner of Air Partners, L.P. On the basis of certain provisions of the Partnership Agreement, Bondo Air Limited Partnership ("Bondo Air") may be deemed to beneficially own the shares of Class A Common Stock and Class B Common Stock beneficially owned by Air Partners, L.P. that are attributable to such limited partnership interests. Pursuant to Rule 13d-4 under the Act, Bondo Air disclaims beneficial ownership of all such shares.

(2) Assumes the exercise of warrants to purchase 256,929 shares of Class A Common Stock held by Air Partners, L.P. and attributable to the limited partnership interest in Air Partners, L.P. held by Bondo Air.

(3) Assumes the exercise of warrants to purchase 571,875 shares of Class B Common Stock held by Air Partners, L.P. and attributable to the limited partnership interest in Air Partners, L.P. held by Bondo Air.

(4) Assumes, pursuant to Rule 13d-3(d)(1)(i) under the Act, that there are 6,557,985 shares of Class A Common Stock outstanding which includes the warrants to purchase Class A Common Stock held by Air Partners, L.P. and attributable to the limited partnership interest held by Bondo Air pursuant to the Partnership Agreement but does not include warrants held by any other persons.

(5) Assumes, pursuant to Rule 13d-3(d)(1)(i) under the Act, that there are 21,465,553 shares of Class B Common Stock outstanding which includes the warrants to purchase Class B Common Stock held by Air Partners, L.P. and attributable to the limited partnership interest held by Bondo Air pursuant to the Partnership Agreement but does not include warrants held by any other persons.

1. Name of Reporting Person:

Alfredo Brener

2. Check the Appropriate Box if a Member of a Group:
(a) / /

(b) /X/

3. SEC Use Only

4. Source of Funds: Not Applicable

5. Check Box if Disclosure of Legal Proceedings is Required Pursuant to Item 2(d) or 2(e): / /

6. Citizenship or Place of Organization: Alfredo Brener is a citizen of Mexico.

Number of Shares Beneficially Owned By Each Reporting Person With	7.	Sole Voting Power: -0-
	8.	Shared Voting Power: Class A - 456,282 (1) Class B - 402,013 (1)
	9.	Sole Dispositive Power: -0-
	10.	Shared Dispositive Power: Class A - 456,282 (1) Class B - 402,013 (1)

11. Aggregate Amount Beneficially Owned by Each Reporting Person:
Class A - 709,357 (1)(2)
Class B - 965,399 (1)(3)

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares:
/x/ See Item 2.

13. Percent of Class Represented by Amount in Row (11):
Class A - 10.8% (2)(4)
Class B - 4.5% (3)(5)

14. Type of Reporting Person: IN

---

(1) Because Alfredo Brener, through a limited partnership whose corporate general partner he controls, owns warrants to purchase a 98.5% limited partnership interest in Bondo Air, and on the basis of certain provisions of the limited partnership agreement of Bondo Air, Alfredo Brener may be deemed to beneficially own the shares of Class A Common Stock and Class B Common Stock that may be deemed to be beneficially owned by Bondo Air that are attributable to Bondo Air's limited partnership interest in Air Partners. Pursuant to Rule 13d-4 under the Act, Mr. Brener disclaims beneficial ownership of all such shares.

(2) Assumes the exercise of warrants to purchase 253,075 shares of Class A Common Stock held by Air Partners, L.P. and attributable to the limited partnership interest in Air Partners, L.P. held by Bondo Air.

(3) Assumes the exercise of warrants to purchase 563,297 shares of Class B Common Stock held by Air Partners, L.P. and attributable to the limited partnership interest in Air Partners, L.P. held by Bondo Air.

(4) Assumes, pursuant to Rule 13d-3(d)(1)(i) under the Act, that there are 6,554,131 shares of Class A Common Stock outstanding which includes the warrants to purchase Class A Common Stock held by Air Partners, L.P. and attributable to Bondo Air Limited Partnership pursuant to the Partnership Agreement but does not include warrants held by any other persons.

(5 Assumes, pursuant to Rule 13d-3(d)(1)(i) under the Act, that there are 21,456,975 shares of Class B Common Stock outstanding which includes the warrants to purchase Class B Common Stock held by Air Partners, L.P. and attributable to Bondo Air Limited Partnership pursuant to the Partnership Agreement but does not include warrants held by any other persons.

ITEM 1. SECURITY AND ISSUER.

This statement relates to the shares of Class A Common Stock, par value $.01 per share ("Class A Stock"), and Class B Common Stock, par value $.01 per share ("Class B Stock"), of Continental Airlines, Inc. (the "Issuer"). The principal executive offices of the Issuer are located at 2929 Allen Parkway, Houston, Texas 77019.

ITEM 2. IDENTITY AND BACKGROUND.

(a) Pursuant to Rules 13d-1(f)(1)-(2) of Regulation 13D-G of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Act"), the undersigned hereby file this Schedule 13D Statement on behalf of Air Partners, L.P., a Texas limited partnership ("Air Partners"), 1992 Air GP, a Texas general partnership ("1992 Air GP"), Air II General, Inc., a Texas corporation ("Air II"), 1992 Air, Inc., a Texas corporation ("Air, Inc."), David Bonderman ("Bonderman"), Bonderman Family Limited Partnership ("Bonderman Family"), Bondo Air Limited Partnership, a Texas limited partnership ("Bondo Air"), and Alfredo Brener ("Brener"). Air Partners, 1992 Air GP, Air II, Air, Inc., Bonderman, Bonderman Family, Bondo Air and Brener are sometimes hereinafter referred to as the "Reporting Persons". The Reporting Persons are making this single, joint filing because they may be deemed to constitute a "group" within the meaning of Section 13(d)(3) of the Act, although neither the fact of this filing nor anything contained herein shall be deemed to be an admission by the Reporting Persons that a group exists.

Certain of the securities reported herein were acquired by Air Partners pursuant to a Subscription and Stockholders' Agreement dated April 27, 1993, a copy of which is filed herewith as Exhibit 4.1 (the "Stockholders' Agreement"), among the Issuer, Air Partners and Air Canada, Inc. ("Air Canada"), which Stockholders Agreement contains certain provisions regarding the voting and disposition of the securities of the Issuer owned by the parties thereto and which is further described in Item 6 hereof. As a result of the Stockholders Agreement, Air Partners and Air Canada, Inc. may be deemed to constitute a "group" within the meaning of Section 13(d)(3) of the Act and Rule 13d-5(b)(1) thereunder; however, pursuant to Rule 13d-4 under the Act, Air Partners and the other Reporting Persons hereby disclaim beneficial ownership of any securities of the Issuer beneficially owned by Air Canada, Inc. Pursuant to Rule 13d-1(f)(2), the information contained herein does not include any securities of the Issuer beneficially owned by Air Canada, Inc.

As a result of the limited partnership agreement of Air Partners, which is further described in Item 6 hereof, the limited partners in Air Partners may be deemed to share voting and dispositive power with the general partner of Air Partners over the Class A Stock and Class B Stock beneficially owned by Air Partners. Except for those limited partners in Air Partners who are otherwise Reporting Persons herein, no information as to the beneficial ownership of shares of the Class A Stock or the Class B Stock by limited partners in Air Partners is contained herein. The Reporting Persons understand that certain of the limited partners, including DHL Management Services, Inc. and American General Corp., have made their own filings pursuant to Regulation 13D-G under the Act. Except to the extent reported herein, each Reporting Person disclaims beneficial ownership of any shares that may be deemed to be owned by a limited partner in Air Partners.

(b)-(c)

AIR PARTNERS

Air Partners is a Texas limited partnership the principal business of which is to acquire, hold, trade, invest in, and deal with securities of the Issuer. The principal business address of Air Partners, which also serves as its principal office, is 201 Main Street, Suite 2420, Fort Worth, Texas 76102. Pursuant to Instruction C to Schedule 13D of the Act, information with respect to 1992 Air GP and Air II, the general partners of Air Partners, is set forth below.

1992 AIR GP

1992 Air GP is a Texas general partnership the principal business of which is to serve as a general partner of Air Partners. The principal business address of 1992 Air GP, which also serves as its principal office, is 201 Main Street, Suite 2420, Fort Worth, Texas 76102. Pursuant to Instruction C to Schedule 13D of the Act, information with respect to Air, Inc. and Air Saipan, Inc., the general partners of 1992 Air GP, is set forth below.

AIR II

Air II is a Texas corporation the principal business of which is to serve as a general partner of Air Partners. The principal business address of Air II, which also serves as its principal office, is 201 Main Street, Suite 2420, Fort Worth, Texas 76102. Pursuant to Instruction C to Schedule 13D of the Act, the name, residence or business address, and present principal occupation or employment of each director, executive officer and controlling person of Air II are as follows:

NAME	PRINCIPAL BUSINESS OR RESIDENCE ADDRESS	PRINCIPAL OCCUPATION OR EMPLOYMENT
David Bonderman	201 Main Street, Suite 2420 Fort Worth, Texas 76102	President and Director of TPG Advisors, Inc.
James G. Coulter	201 Main Street, Suite 2420 Fort Worth, Texas 76102	Vice President and Director of TPG Advisors, Inc.
James J. O'Brien	201 Main Street, Suite 2420 Fort Worth, Texas 76102	Vice President, Secretary and Treasurer of TPG Advisors, Inc.

TPG Advisors, Inc. is a Delaware corporation the principal business of which is serving as the sole indirect general partner of TPG Partners, L.P., a Delaware limited partnership, formed in 1993 to invest in securities of entities to be selected by its general partner.

AIR, INC.

Air, Inc. is a Texas corporation the principal business of which is to serve as a general partner of 1992 Air GP. The principal business address of Air, Inc., which also serves as its principal office, is 201 Main Street, Suite 2420, Fort Worth, Texas 76102. Pursuant to Instruction C to Schedule 13D of the Act, the name, residence or business address, and present principal occupation or employment of each director, executive officer and controlling person of Air, Inc., David Bonderman, James G. Coulter and James J. O'Brien, are set forth above.

AIR SAIPAN, INC. ("AIR SAIPAN")

Air Saipan is a Northern Marianas Islands corporation the principal business of which is serving as a general partner of 1992 Air GP. The principal business address of Air Saipan, which also serves as its principal office, is One Post Street, Suite 2450, San Francisco, California 94104.

BONDERMAN

See above.

BONDERMAN FAMILY

Bonderman Family is a Texas limited partnership the principal business of which is buying, selling, exchanging or otherwise acquiring, holding and investing in securities or entering into any other type of investment. The principal business address of Bonderman Family, which also serves as its principal office, is 201 Main Street, Suite 2420, Fort Worth, Texas 76102. Pursuant to Instruction C to Schedule 13D of the Act, information with respect to its sole general partner, David Bonderman, is set forth above.

BONDO AIR

Bondo Air is a Texas limited partnership the principal business of which is to own a limited partnership interest in Air Partners. The principal business address of Bondo Air, which also serves as its principal office, is 201 Main Street, Suite 2420, Fort Worth, Texas 76102. Pursuant to Instruction C to Schedule 13D of the Act, information with respect to its sole general partner, Air, Inc., is set forth above.

BRENER

Alfredo Brener is a citizen of Mexico and his principal business address is Five Post Oak Park, #2560, Houston, Texas 77020.

(d) None of the entities or persons identified in this Item 2 has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) None of the entities or persons identified in this Item 2 has, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) All of the natural persons identified in this Item 2 are citizens of the United States of America, except for Brener who is a citizen of Mexico.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

The source and amount of the funds used by the Reporting Persons to purchase shares of the Stock are as follows:

REPORTING PERSON	SOURCE OF FUNDS	AMOUNT OF FUNDS
Air Partners	Other (1)	$57,343,535.00
1992 Air GP	Not Applicable	Not Applicable
Air II	Not Applicable	Not Applicable
Air, Inc.	Not Applicable	Not Applicable
Bonderman	Not Applicable	Not Applicable
Bonderman Family	Working Capital (2)	$3,373,456.00
Bondo Air	Not Applicable	Not Applicable
Brener	Not Applicable	Not Applicable

(1) Contributions from partners. $2,343,534.54 of the funds reported herein as being used by Air Partners to purchase shares of the Stock were used to purchase an aggregate of 154,113 shares of the Class B Stock on July 27, 1995, as more fully described in Item 5(c) herein.

(2) As used herein, the term "Working Capital" includes contributions from partners and income from the business operations of the entity plus sums borrowed from banks and brokerage firm margin accounts to operate such business in general.

The sums reported above do not include any funds that may be expended in the future by any of the Reporting Persons to acquire additional shares of the Class A Stock or Class B Stock upon exercise of the options or warrants reported herein. It is expected that Air Partners would use contributions from its partners to exercise the warrants held by it, that David Bonderman would use personal funds to exercise the options held by him and that Bonderman Family would utilize working capital to exercise the options held by it.

ITEM 4. PURPOSE OF TRANSACTION.

The Reporting Persons acquired and continue to hold the shares of the Class A Stock and Class B Stock reported herein for investment purposes. Depending on market conditions and other factors that each of the Reporting Persons may deem relevant to its investment decision, such Reporting Person may purchase additional shares of the Stock in the open market or in private transactions. Depending on these same factors, and subject to the agreements described in Item 6 herein, each Reporting Person may sell all or a portion of the shares of the Stock that it now owns or hereafter may acquire on the open market or in private transactions.

The Reporting Persons have not determined whether to exercise any of the warrants to purchase Class A Common Stock or warrants or options to purchase Class B Common Stock reported herein, and any determination to exercise such warrants or options will be based on the same factors set forth above with respect to purchases.

Pursuant to the Stockholders Agreement, Air Partners has the right to designate six directors to serve on the Issuer's Board of Directors. Bonderman, Donald Sturm, William S. Price, Thomas J. Barrack, Jr., Patrick H. Foley and Karen Hastie Williams are currently Air Partners' designees on the Issuer's board. Bonderman has served as Chairman of the Board of Directors of the Issuer since May of 1993.

Except as set forth in this Item 4, the Reporting Persons have no present plans or proposals that relate to or that would result in any of the actions specified in clauses (a) through (j) of Item 4 of Schedule 13D of the Act.

ITEM 5. INTERESTS IN SECURITIES OF THE ISSUER.

(a)

AIR PARTNERS

The aggregate number of shares of the Class A Stock that Air Partners owns beneficially, pursuant to Rule 13d-3 under the Act, is 4,259,734, which constitutes approximately 54.5% of the 7,820,790 shares of such stock deemed outstanding pursuant to Rule 13d-3(d)(1)(i) under the Act. The aggregate number of shares of the Class B Stock that Air Partners owns beneficially, pursuant to Rule 13d-3 under the Act, is 5,796,745, which constitutes approximately 23.9% of the 24,276,310 shares of such stock deemed outstanding pursuant to Rule 13d-3(d)(1)(i) under the Act.

1992 AIR GP

Because of its position as one of two general partners of Air Partners, 1992 Air GP may, pursuant to Rule 13d-3 of the Act, be deemed to be the beneficial owner of (i) 4,259,734 shares of the Class A Stock, which constitutes approximately 54.5% of the 7,820,790 shares of such stock deemed outstanding pursuant to Rule 13d-3(d)(1)(i) under the Act, and (ii) 5,796,745 shares of the Class B Stock, which constitutes approximately 23.9% of the 24,276,310 shares of such stock deemed outstanding pursuant to Rule 13d-3(d)(1)(i) under the Act.

AIR II

Because of its position as one of two general partners of Air Partners, Air II may, pursuant to Rule 13d-3 of the Act, be deemed to be the beneficial owner of (i) 4,259,734 shares of the Class A Stock, which constitutes approximately 54.5% of the 7,820,790 shares of such stock deemed outstanding pursuant to Rule 13d-3(d)(1)(i) under the Act, and (ii) 5,796,745 shares of the Class B Stock, which constitutes approximately 23.9% of the 24,276,310 shares of such stock deemed outstanding pursuant to Rule 13d-3(d)(1)(i) under the Act.

AIR, INC.

Because of its position as one of two general partners of 1992 Air GP, Air, Inc., may, pursuant to Rule 13d-3 of the Act, be deemed to be the beneficial owner of (i) 4,259,734 shares of the Class A Stock, which constitutes approximately 54.5% of the 7,820,790 shares of such stock deemed outstanding pursuant to Rule 13d-3(d)(1)(i) under the Act, and (ii) 5,796,745 shares of the Class B Stock, which constitutes approximately 23.9% of the 24,276,310 shares of such stock deemed outstanding pursuant to Rule 13d-3(d)(1)(i) under the Act.

BONDERMAN

Because of his position as the controlling shareholder of each of Air II and Air, Inc., and as the general partner of Bonderman Family, and because he holds a director stock option to acquire 3,000 shares of the Class B Stock, Bonderman may, pursuant to Rule 13d-3 of the Act, be deemed to be the beneficial owner of (i) 4,267,934 shares of the Class A Stock, which constitutes approximately 54.6% of the 7,820,790 shares of such stock deemed outstanding pursuant to Rule 13d-3(d)(1)(i) under the Act, and (ii) 6,199,745 shares of the Class B Stock, which constitutes approximately 25.7% of the 24,279,310 shares of such stock deemed outstanding pursuant to Rule 13d-3(d)(1)(i) under the Act.

Additionally, because Bonderman owns, directly and indirectly, limited partnership interests in Air Partners, and on the basis of certain provisions of the Partnership Agreement, Bonderman may be deemed to own beneficially the Class A and Class B Stock beneficially owned by Air Partners that are attributable to such limited partnership interests. Pursuant to Rule 13d-4 under the Act, Bonderman disclaims beneficial ownership of all such shares.

BONDERMAN FAMILY

The aggregate number of shares of the Class A Stock that Bonderman Family owns beneficially, pursuant to Rule 13d-3 under the Act, is 80,215, which constitutes approximately 1.3% of the 6,326,749 shares of such stock deemed outstanding pursuant to Rule 13d-3(d)(1)(i) under the Act. The aggregate number of shares of the Class B Stock that Bonderman Family owns

beneficially, pursuant to Rule 13d-3 under the Act, is 498,000, which constitutes approximately 2.4% of the 20,950,865 shares of such stock deemed outstanding pursuant to Rule 13d-3(d)(1)(i) under the Act.

Additionally, because of its position as a limited partner of Air Partners, and on the basis of certain provisions of the Partnership Agreement, Bonderman Family may be deemed to own beneficially the Class A and Class B Stock beneficially owned by Air Partners that are attributable to such limited partnership interest. Pursuant to Rule 13d-4 under the Act, Bonderman Family disclaims beneficial ownership of all such shares.

BONDO AIR

Because of its position as a limited partner of Air Partners, and on the basis of certain provisions of the Partnership Agreement, Bondo Air may, pursuant to Rule 13d-3 of the Act, be deemed to own beneficially 720,159 shares of the Class A Stock, which constitutes approximately 11.0% of the 6,557,985
shares of such stock deemed outstanding pursuant to Rule 13d-3(d)(1)(i) under the Act and 980,010 shares of the Class B Stock, which constitutes 4.6% of the 21,465,553 shares of such stock deemed outstanding pursuant to Rule 13d-3(d)(1)(i) under the Act. Pursuant to Rule 13d-4 under the Act, Bondo Air disclaims beneficial ownership of all such shares.

BRENER

Because of his ownership, through a limited partnership whose corporate general partner he controls, of warrants to purchase a 98.5% limited partnership interest in Bondo Air, and on the basis of certain provisions of the limited partnership agreement of Bondo Air and the Partnership Agreement, Brener may, pursuant to Rule 13d-3 under the Act, be deemed to be the beneficial owner of 709,357 shares of the Class A Stock, which constitutes approximately 10.8% of the 6,554,131 shares of such stock deemed outstanding pursuant to Rule 13d-3(d)(1)(i) under the Act and 965,399 shares of the Class B Stock, which constitutes approximately 4.5% of the 21,456,975 shares of such stock deemed outstanding pursuant to Rule 13d-3(d)(1)(i) under the Act. Pursuant to Rule 13d-4 under the Act, Brener disclaims beneficial ownership of all such shares.

To the best knowledge of each of the Reporting Persons, other than as set forth above, none of the persons named in response to Item 2(a) herein is the beneficial owner of any shares of the Class A Stock or the Class B Stock.

(b)

AIR PARTNERS

Acting through its two general partners, Air Partners has the sole power to vote or to direct the vote and to dispose or to direct the disposition of 2,740,000 shares of the Class A Stock and of 2,414,113 shares of the Class B Stock. Additionally, the voting and dispositive power with respect to the shares of Class A Common Stock and Class B Common Stock held by Air Partners may, under certain circumstances, be deemed to be shared with, or may be exercised by, the limited partners of Air Partners as further described in Item 6 hereof.

1992 AIR GP

In its capacity as one of two general partners of Air Partners, and acting through its two general partners, 1992 Air GP has the shared power to vote or to direct the vote and to dispose or to direct the disposition of 2,740,000 shares of the Class A Stock and of 2,414,113 shares of the Class B Stock.

AIR II

In its capacity as a general partner of Air Partners, and acting through its controlling shareholder, Air II has the shared power to vote or to direct the vote and to dispose or to direct the disposition of 2,740,000 shares of the Class A Stock and of 2,414,113 shares of the Class B Stock.

AIR, INC.

In its capacity as one of two general partners of 1992 Air GP, and acting through its controlling shareholder, Air, Inc. has the shared power to vote or to direct the vote and to dispose or to direct the disposition of 2,740,000 shares of the Class A Stock and of 2,414,113 shares of the Class B Stock.

BONDERMAN

In his capacity as the controlling shareholder of each of Air II and Air, Inc., Bonderman has the shared power to vote or to direct the vote and to dispose or to direct the disposition of 2,740,000 shares of the Class A Stock and of 2,414,113 shares of the Class B Stock. In his capacity as sole general partner of Bonderman Family, Bonderman has the sole power to vote or to direct the vote and to dispose or to direct the disposition of 8,200 shares of the Class A Stock and 200,000 shares of the Class B Stock. Additionally, because of Bonderman's ownership of direct and indirect limited partnership interests in Air Partners, and on the basis of certain provisions of the Partnership Agreement, Bonderman may be deemed to have shared power to vote or to direct the vote and to dispose or to direct the disposition of shares of Class A Stock and Class B Stock beneficially owned by Air Partners attributable to such limited partnership interests in Air Partners.

BONDERMAN FAMILY

Acting through its sole general partner, Bonderman Family has the sole power to vote or to direct the vote and to dispose or to direct the disposition of 8,200 shares of the Class A Stock and 200,000 shares of the Class B Stock. Additionally, because of its ownership of a limited partnership interest in Air Partners, and on the basis of certain provisions of the Partnership Agreement, Bonderman Family may be deemed to have shared power to vote or to direct the vote and to dispose or to direct the disposition of shares of Class A Stock and Class B Stock beneficially owned by Air Partners attributable to Bonderman Family's limited partnership interest in Air Partners.

BONDO AIR

In its capacity as a limited partner of Air Partners, and on the basis of certain provisions of the Partnership Agreement, Bondo Air may be deemed to have shared power to vote or to direct the vote and to dispose or to direct the disposition of 463,230 shares of the Class A Stock and 408,135 shares of the Class B Stock attributable to Bondo Air's limited partnership interest in Air Partners.

BRENER

Because of his ownership, through a limited partnership whose corporate general partner he controls, of warrants to purchase a 98.5% limited partnership interest in Bondo Air, and on the basis of certain provisions of the limited partnership agreement of Bondo Air and the Partnership Agreement, Brener may be deemed to have shared power to vote or to direct the vote and to dispose or to direct the disposition of 456,282 shares of the Class A Stock and 402,013 shares of the Class B Stock attributable to Bondo Air's limited partnership interest in Air Partners.

(c) On July 27, 1995, Air Partners purchased 154,113 shares of the Class B Stock in a private transaction directly from the Issuer at a price per share of $15.86 with respect to 113,179 of such shares and $13.40 with respect to 40,934 of such shares. The shares were purchased by Air Partners pursuant to the exercise of rights granted to it under Article Seventh of the Issuer's Certificate of Incorporation, which grants to Air Partners and Air Canada certain anti-dilution rights (the "Anti-dilution Rights") with respect to shares of the Class B Common Stock of the Issuer.

The price of shares of the Class B Stock that may be purchased by Air Partners pursuant to the Anti-dilution Rights is based upon the average of the closing prices of the Class B Stock on the last trading day of each week during each six-month period ending June 30 and December 31. The price with respect to 113,179 of the shares of Class B Stock purchased by Air Partners on July 27, 1995 was based upon prices of Class B Stock during the six-month period ending December 31, 1994, while the price of the 40,934 shares of Class B Stock purchased by Air Partners on July 27, 1995 was based upon the closing prices for Class B Stock during the six-month period ending June 30, 1995.

Except as set forth in this paragraph (c), to the best of the knowledge of each of the Reporting Persons, none of the persons named in response to paragraph (a) has effected any transactions in the shares of the Class A Stock or Class B Stock in the past 60 days.

(d) No person other than the Reporting Persons has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the shares of the Stock owned by them.

(e) Not Applicable.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

Upon the conclusion in April of 1993 of the reorganization of the Issuer under Chapter 11 of the United States Bankruptcy Code (the "Reorganization"), Air Partners entered into certain agreements with the Issuer and other parties with respect to securities of the Issuer which are described below. The description set forth in this Item 6 of the Agreement of Limited Partnership of Air Partners (the "Partnership Agreement"), the Registration Rights Agreement dated as of April 27, 1993 by and among Air Partners, Air Canada and the Issuer (the "Registration Rights Agreement"), the Warrant Agreement dated as of April 27, 1993 between the Issuer and the "Warrant Agent," as defined therein (the "Warrant Agreement"), and the Stockholders' Agreement do not purport to be complete and are qualified in their entirety be reference to such agreements, all of which are being filed as exhibits to this Schedule 13D Statement.

PARTNERSHIP AGREEMENT

The Partnership Agreement contains certain provisions, among other things, regarding the right of partners to take securities in kind prior to a sale proposed by the general partner (Section 2.01(b)), the right to request a sale of securities (Section 4.08), and the right of the partners to direct the voting of securities (Section 2.01(f)). The Partnership Agreement is filed herewith as Exhibit 99.2 and reference hereby is made to such document.

STOCKHOLDERS' AGREEMENT

Pursuant to the Stockholders' Agreement, Air Partners and Air Canada each agreed that they will vote their shares of common stock to elect six directors to the Issuer's board of directors designated by Air Canada, six directors designated by Air Partners and six directors not affiliated with Air Canada or Air Partners and who are satisfactory to Air Partners, and to give effect to certain other agreements regarding the composition of the Issuer's board and its committees. They further agreed through April 27, 1996, to vote for the election of three persons designated by the committee representing prepetition creditors of the Issuer to serve among the six independent directors. Each such party also agreed to limit its holdings to a specified percentage of total voting power and to restrict its transfers of Class A Stock (including warrants to purchase such stock), and as applicable, Class C common stock and Class D common stock, through April 27, 1997, unless the other party consents to the proposed transfer. Air Partners further granted Air Canada a right of first refusal to acquire its shares of Class A Stock (including warrants to purchase such stock) in the event it receives, after April 27, 1997, a good faith offer from a third party to purchase all or any portion of such shares. Air Partners also gave Air Canada an option, exercisable after April 27, 1997 (and subject to foreign ownership restrictions), to purchase such shares at their market price plus a specified control premium. In addition, Air Partners agreed to restrict its ability to sell Class B Stock (and warrants to purchase such stock) to any air carrier in a private sale at any time prior to April 27, 1997. Unless extended by the parties, or terminated earlier due to the occurrence of certain terminating events, the Stockholders' Agreement will terminate on April 27, 2002. A copy of the Stockholders' Agreement is attached hereto as Exhibit 4.1 and reference hereby is made to such document.

WARRANT AGREEMENT

Pursuant to the Warrant Agreement, Air Partners acquired Class A Warrants entitling Air Partners to purchase an aggregate of 1,149,067 shares of Class A Common Stock of the Issuer at a purchase price of $15.00 per share and an aggregate of 370,667 shares of Class A Common Stock at a purchase price of $30.00 per share, and Class B Warrants entitling Air Partners to purchase an aggregate of 2,557,600 of Class B Common Stock of the Issuer at a purchase price of $15.00 per share and an aggregate of 825,032 shares of Class B Common Stock at a purchase price of $30.00 per share. The Warrant Agreement is filed herewith as Exhibit 4.2 and reference hereby is made to such document.

REGISTRATION RIGHTS AGREEMENT

Under Section 2.1(a) and (b) of the Registration Rights Agreement, Air Partners is entitled to four demand registrations under the Securities Act of 1933, as amended (the "Securities Act") of the stock and warrants acquired by Air Partners from the Issuer in connection with the Reorganization. Section 2.2(a) of the Registration Rights Agreement also provides Air Partners incidental registration rights during the period from April 27, 1993 to and including the fifteenth anniversary thereof. A copy of the Registration Rights Agreement is attached hereto as Exhibit 4.3 and reference hereby is made to such document.

Bonderman Family holds 500 exchange traded option contracts expiring December 10, 1995 which give it the right to acquire 50,000 shares of the Class B Stock at an exercise price of $10.00 per share. In addition, Bonderman Family is a party to an over-the-counter option contract expiring

March 15, 1996, giving it the right to acquire 150,000 shares of the Class B Stock at an exercise price of $10.00 per share.

Except as set forth herein or in the Exhibits filed herewith, there are no contracts, arrangements, understandings or relationships with respect to the shares of the Stock owned by the Reporting Persons.

ITEM 7. MATERIALS TO BE FILED AS EXHIBITS.

Exhibit 4.1 Subscription and Stockholders' Agreement, dated as of April 27, 1993, among Air Partners, Air Canada and the Issuer, filed herewith.

Exhibit 4.2 Warrant Agreement, dated as of April 27, 1993, by and between the Issuer and the Warrant Agent as defined therein, filed herewith.

Exhibit 4.3 Registration Rights Agreement dated as of April 27, 1993, among Air Partners, Air Canada and the Issuer, filed herewith.

Exhibit 24.1 Power of Attorney dated August 7, 1995 by Alfredo Brener, filed herewith.

Exhibit 99.1 Agreement pursuant to Rule 13d-1(f)(1)(iii), filed herewith.

Exhibit 99.2 Amended and Restated Limited Partnership Agreement of Air Partners, L. P., together with the first amendment thereto, filed herewith.

After reasonable inquiry and to the best of our knowledge and belief, we certify that the information set forth in this statement is true, complete and correct.

Dated: August 8, 1995

AIR PARTNERS, L.P.

By: 1992 AIR GP,
General Partner

By: 1992 AIR, INC.,
General Partner

By:/s/James J. O'Brien
James J. O'Brien,
Vice President

1992 AIR GP

By: 1992 AIR, INC.,
General Partner

By:/s/James J. O'Brien
James J. O'Brien,
Vice President

AIR II GENERAL, INC.

By:/s/James J. O'Brien
James J. O'Brien,
Vice President

1992 AIR, INC.

By:/s/James J. O'Brien
James J. O'Brien,
Vice President

/s/James J. O'Brien
James J. O'Brien,
Attorney-in-Fact for each of:
DAVID BONDERMAN (1)
ALFREDO BRENER (2)

BONDERMAN FAMILY LIMITED PARTNERSHIP

By: David Bonderman, general partner

By:/s/James J. O'Brien,
Attorney-in-Fact for DAVID BONDERMAN(1)

BONDO AIR LIMITED PARTNERSHIP

By: 1992 AIR, INC.,
General Partner

By:/s/James J. O'Brien
James J. O'Brien,
Vice President

(1) A Power of Attorney authorizing James J. O'Brien to act on behalf of David Bonderman was previously filed with the Commission.

(2) A Power of Attorney authorizing James J. O'Brien to act on behalf of Alfredo Brener is attached hereto as Exhibit 24.1.

EXHIBIT "99.1"

Pursuant to Rule 13d-1(f)(1)(iii) of Regulation 13D-G of the General Rules and Regulations of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the undersigned agree that the statement to which this Exhibit is attached is filed on behalf of them in the capacities set forth hereinbelow.

AIR PARTNERS, L.P.

By: 1992 AIR GP,
General Partner

By: 1992 AIR, INC.,
General Partner

By:/s/James J. O'Brien
James J. O'Brien,
Vice President

1992 AIR GP

By: 1992 AIR, INC.,
General Partner

By:/s/James J. O'Brien
James J. O'Brien,
Vice President

AIR II GENERAL, INC.

By:/s/James J. O'Brien
James J. O'Brien,
Vice President

1992 AIR, INC.

By:/s/James J. O'Brien
James J. O'Brien,
Vice President

/s/James J. O'Brien
James J. O'Brien,
Attorney-in-Fact for each of:
DAVID BONDERMAN (1)
ALFREDO BRENER (2)

BONDERMAN FAMILY LIMITED PARTNERSHIP

By: David Bonderman, general partner

By:/s/James J. O'Brien,
Attorney-in-Fact for DAVID BONDERMAN(1)

BONDO AIR LIMITED PARTNERSHIP

By: 1992 AIR, INC.,
General Partner

By:/s/James J. O'Brien
James J. O'Brien,
Vice President

(1) A Power of Attorney authorizing James J. O'Brien to act on behalf of David Bonderman was previously filed with the Commission.

(2) A Power of Attorney authorizing James J. O'Brien to act on behalf of Alfredo Brener is attached hereto as Exhibit 24.1.

SUBSCRIPTION AND STOCKHOLDERS' AGREEMENT

SUBSCRIPTION AND STOCKHOLDERS' AGREEMENT (the "Agreement"), dated as of April 27, 1993, by and between Air Partners, L.P., a Texas limited partnership ("Air Partners"), Air Canada, a Canadian corporation ("Air Canada"), and Continental Airlines, Inc., a Delaware corporation (including its successor, as reorganized pursuant to Chapter 11, Title 11 of the United States Bankruptcy Code (the "Bankruptcy Code"), "Continental") (each of Air Partners and Air Canada being sometimes referred to herein individually as a "Party" and collectively as the "Parties"). Terms used herein and not otherwise defined herein have the meanings specified in SECTION 1.01.

W I T N E S S E T H :

WHEREAS, Continental, together with certain of its Affiliates, is a Debtor and Debtor-in-Possession in the cases (the "Chapter 11 Cases") filed in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), entitled "In re Continental Airlines, Inc. et al., Debtors," Chapter 11 Case Nos. 90-932 through 90-984, under the Bankruptcy Code;

WHEREAS, by Order dated April 16, 1993, the Bankruptcy Court confirmed the Revised Second Amended Joint Consolidated Plan of Reorganization (as modified) (the "Plan of Reorganization") in the Chapter 11 Cases;

WHEREAS, in connection with the Plan of Reorganization, Continental, certain of its Affiliates, Air Partners and Air Canada have entered into or are entering into the Investment Agreement, the Interim Procedures Agreement, the Series A Note Purchase and Collateral Security Agreements, the Series B Note Purchase and Collateral Security Agreements, the Series C Note Purchase and Collateral Security Agreements, the Registration Rights Agreement, the Warrant Agreement and the Synergy Agreements (in each case as amended, modified or supplemented from time to time, the "Transaction Documents");

WHEREAS, pursuant to this Agreement, the Investment Agreement and the Warrant Agreement, on the Closing Date, Continental proposes to issue to Air Partners and Air Canada, and Air Partners and Air Canada propose to purchase, on the terms and subject to the conditions set forth herein and therein, a package of equity securities (the "Initial Equity Securities") of Continental comprised of (i) 4,113,216 shares of its Class A Common Stock (which, pursuant to and in accordance with Article Fourth, Section 2(e) of the Restated Certificate, may be converted into an equal number of shares of Class C Common Stock, in the case of shares issued to Air Canada, and Class D Common Stock, in the case of shares issued to Air Partners), (ii) 5,886,784 shares of its Class B Common Stock, (iii) Class A Warrants to purchase up to 2,887,614 shares of Class A Common Stock (subject to adjustment in accordance with the terms of the Warrant Agreement), (iv) Class B Warrants to purchase up to 8,232,387 shares of Class B Common Stock (subject to adjustment in accordance with the terms of the Warrant Agreement) and (v) 300,000 shares of Air Canada Preferred Stock;

WHEREAS, the parties hereto wish to clarify their respective rights and obligations with respect to the acquisition, holding, voting and disposition of the Equity Securities and certain other matters set forth in this Agreement, the Investment Agreement and certain other agreements among the parties hereto;

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and to carry out the undertakings of the parties hereto contained in such agreements, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Definitions. Capitalized terms used in this Agreement are used as defined in this ARTICLE I or as defined elsewhere in this Agreement (all terms defined herein in the singular to have the correlative meanings when used in the plural and vice versa).

"1933 Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Additional Class B Common Stock" has the meaning ascribed to it in SECTION 2.01(b).

"Adjusted Securities" shall mean, at any time, the number of Class A Consent Securities equal to the excess, if any, of (i) the number of Class A

Consent Securities as to which Air Canada has previously paid a Class A Consent Fee to Air Partners pursuant to SECTION 4.05(e), provided that such number shall in no event be greater than the aggregate number of Class A Consent Securities over (ii) the sum of (a) the number of Class A Consent Securities that Air Partners will, directly or indirectly, beneficially own, after giving effect to the purchase by Air Canada of Class A Consent Securities pursuant to SECTION 4.05(c) and (b) the aggregate number of Class A Consent Securities, if any, previously transferred by Air Partners to a third party. For purposes of this definition, the number of Class A Consent Securities shall, with respect to Class A Warrants, be deemed to consist of all shares of Common Stock issuable on exercise of such Warrants.

"Adjustment Amount" shall mean, at any time, an amount in U.S. dollars equal to the product of (i) the Aggregate Previously Paid Class A Consent Fee Amount at such time and (ii) a fraction, the numerator of which is the number of Adjusted Securities at such time and the denominator of which is the aggregate number of Class A Consent Securities at such time as to which Air Canada has previously paid a Class A Consent Fee pursuant to SECTION 4.05(e). For purposes of this definition, (a) the number of Class A Consent Securities shall, with respect to Class A Warrants, be deemed to consist of all shares of Common Stock issuable on exercise of such Warrants and (b) the Adjustment Amount shall be deemed to be zero if the number of Adjusted Securities at the time the Adjustment Amount is determined is equal to or less than zero.

"Adverse Effect" means a material adverse effect on (i) the value, condition (financial or other), assets, properties, liabilities, business or prospects of Continental and the Continental Subsidiaries taken as a whole or (ii) the ability of Continental and the Continental Subsidiaries taken as a whole to own, use or operate their assets and properties in substantially the same manner as they operated their assets and properties as of November 9, 1992 (but free of any restrictions or limitations on such use and operation arising out of Continental's and certain of the Continental Subsidiaries' status as debtors-in-possession under the Bankruptcy Code and after giving effect to the transactions contemplated by the Investment Agreement, the other Transaction Documents and the Plan of Reorganization).

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person; "control" when used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Aggregate Previously Paid Class A Consent Fee Amount" shall mean, at any time, the aggregate amount of Class A Consent Fees previously paid as of such time by Air Canada to Air Partners pursuant to SECTION 4.05(e).

"Agreement" means this Subscription and Stockholders' Agreement as amended, modified or supplemented from time to time.

"Air Canada" has the meaning ascribed to it in the recitals.

"Air Canada Preferred Stock" means Continental's 12% Cumulative Preferred Stock, par value $0.01 per share, to be issued to Air Canada pursuant to this Agreement and the Investment Agreement on the Closing Date.

"Air Canada Put" has the meaning ascribed to it in the Investment Agreement.

"Air Partners" has the meaning ascribed to it in the recitals.

"Aviation Act" means the Federal Aviation Act of 1958, as amended from time to time, or any similar legislation of the United States enacted in substitution or replacement thereof.

"Bankruptcy Code" has the meaning ascribed to it in the recitals.

"Bankruptcy Court" has the meaning ascribed to it in the recitals.

"Blackout Period" means the period of time either

(a) commencing on the date Air Partners delivers to Air Canada a Notice of Offer or a Rule 144 Notice, as the case may be, and terminating on the earliest of (i) the closing date of the transaction contemplated by such Notice of Offer or Rule 144 Notice, as the case may be, (ii) the date Air Canada purchases the Equity Securities specified in such Notice of Offer or Rule 144 Notice, as the case may be, and (iii) the one hundred and fiftieth (150th) day after the Notice Date, in the case of such Notice of Offer, or after the Rule 144 Notice Date, in the case of such Rule 144 Notice; or

(b) commencing on the date a Notice of Demand is delivered to Continental and terminating on the earliest of (i) the date the Registrable Securities beneficially owned by Air Partners and covered by such Notice of Demand are disposed of by Air Partners pursuant to the registration referred to in such Notice of Demand (ii) the date the Registrable Securities covered by such Notice of Demand are withdrawn from such requested registration pursuant to Section 2.3 of the Registration Rights Agreement and (iii) one hundred and eighty (180) days after the date such Notice of Demand is delivered to Continental.

"Board" has the meaning ascribed to it in SECTION 7.01(a).

"Chapter 11 Cases" has the meaning ascribed to it in the recitals.

"Class A Common Stock" means the Class A common stock of Continental, par value $.01 per share.

"Class A Consent Fee" has the meaning ascribed to it in SECTION 4.05(f).

"Class A Consent Securities" means, at any time, all of the Class A Common Stock, Class D Common Stock and Class A Warrants (and any interest therein) beneficially owned, directly or indirectly, by Air Partners at such time.

"Class A Warrants" means warrants of Continental to purchase Class A Common Stock.

"Class B Common Stock" means the Class B common stock of Continental, par value $.01 per share.

"Class B Consent Fee" has the meaning ascribed to it in SECTION 4.02(b).

"Class B Purchase Notice" has the meaning ascribed to it in SECTION 4.02(a).

"Class B Purchase Notice Date" has the meaning ascribed to it in SECTION 4.02(a).

"Class B Warrants" means warrants of Continental to purchase Class B Common Stock.

"Class C Common Stock" means the Class C common stock of Continental, par value $.01 per share.

"Class D Common Stock" means the Class D common stock of Continental, par value $.01 per share.

"Closing" has the meaning ascribed to it in SECTION 2.02.

"Closing Date" has the meaning ascribed to it in SECTION 2.02.

"Common Stock" means the Class A Common Stock, the Class B Common Stock, the Class C Common Stock and the Class D Common Stock.

"Consent Period" has the meaning ascribed to it in SECTION 4.02(a).

"Continental" has the meaning ascribed to it in the recitals.

"Continental Subsidiary" means any corporation, partnership or other organization of which at least a majority of the securities or other equity interests having ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions with respect to such corporation, partnership or other organization, directly or indirectly, are owned by Continental as of the Closing Date (after giving effect to the transactions contemplated by this Agreement and the Plan of Reorganization that are to occur on such date), except for those subsidiaries designated on Schedule 1.01 hereto.

"Conversion Period" means any time when (i) Air Canada, directly or indirectly, beneficially owns shares of Class C Common Stock or (ii) Air Partners, directly or indirectly, beneficially owns shares of Class D Common Stock.

"Converted B Stock" has the meaning ascribed to it in SECTION 4.01(b).

"Covered Securities" has the meaning ascribed to it in SECTION 4.08(a).

"Creditors Committee" has the meaning ascribed to it in the Plan of Reorganization.

"Creditors Designees" means the three (3) members of the Board immediately following the Closing Date that have been designated by the Creditors Committee (or any successor committee) as described in Section III(6)(1) of the Disclosure Statement, or such other director or directors subsequently designated or nominated to the Board by the Creditors Committee (or any successor committee), in each case, who is satisfactory to Air Partners.

"Disclosure Statement" means Continental's Disclosure Statement, including all exhibits thereto, submitted to the Bankruptcy Court in connection with the Plan of Reorganization, as approved by the Bankruptcy Court on January 8, 1993, pursuant to Section 1125 of the Bankruptcy Code, and as amended or modified from time to time.

"DOT" means the United States Department of Transportation, or any successor agency.

"Equity Documents" means the Investment Agreement, the Interim Procedures Agreement, the Synergy Agreements, the Warrant Agreement and the Registration Rights Agreement.

"Equity Securities" means the Common Stock, the Warrants and any interest therein.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Exercisable Class A Warrants" has the meaning ascribed to it in SECTION 4.08(d).

"Exercise Date" has the meaning ascribed to it in SECTION 4.08(b).

"Exercise Notice" has the meaning ascribed to it in SECTION 4.08(b).

"Foreign Ownership Restrictions" has the meaning ascribed to it in SECTION 7.01(e).

"Further Additional Class B Common Stock" means shares of Class B Common Stock issued to Air Canada on exercise of Class A Warrants pursuant to Section 3.05 of the Warrant Agreement.

"GECC Preferred" means the 171,000 shares of 8% Cumulative Preferred Stock of Continental to be issued to General Electric Capital Corporation on the Closing Date pursuant to the Preferred Stock Purchase Agreement, dated as of the date hereof, between General Electric Capital Corporation and Continental.

"Governmental Authority" means the President of the United States and any federal, state, local, foreign, super-national or other governmental or regulatory agency, department, commission, authority, board, bureau, body, instrumentality or Person, as well as any airport owner, administration or authority.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Independent Director" means (i) the three (3) Creditors Designees designated as such on SCHEDULE 7.01 hereto and (ii) each other director of Continental who is not (and has not been within the one-year period preceding the date of such director's initial election to the Board) an officer, director, employee or partner of Air Canada or Air Partners or any Person that controls or is controlled by Air Canada or Air Partners, is not (and has not been within the one-year period preceding the date of such director's initial election to the Board) a designee or nominee of Air Partners or Air Canada to the Board and is not a member of the immediate family of any of the foregoing Persons referred to in this clause (ii).

"Initial Equity Securities" has the meaning ascribed to it in the recitals.

"Investment Agreement" means the Investment Agreement dated November 9, 1992, as amended as of January 13, 1993, among Air Partners, Air Canada, Continental and Continental Airlines Holdings, Inc., as it may be further amended, modified or supplemented from time to time.

"Investment Banking Firm" means an independent investment banking firm of recognized international standing.

"Interim Procedures Agreement" means the Interim Procedures Agreement dated November 9, 1992, as amended as of January 13, 1993, among Air Partners, Air Canada, Continental and Continental Airlines Holdings, Inc., as it may be

further amended, modified or supplemented from time to time.

"Lien" means, with respect to any asset or property, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset or property.

"Lock-up Termination Date" means the fourth (4th) anniversary of the Closing Date.

"Market Price" means (i) in the case of any Equity Security listed or admitted to trading on any securities exchange, the average daily closing price, regular way, on the principal exchange on which such Equity Security is traded for the thirty (30) day period immediately preceding the Relevant Date, (ii) in the case of any Equity Security not then listed or admitted to trading on any securities exchange but as to which sales prices are regularly reported by a reputable quotation source, the average reported final daily sale price for the thirty (30) day period immediately preceding the Relevant Date, as reported by a reputable quotation source, (iii) in the case of any share of Class D Common Stock, the Market Price of a share of Class A Common Stock on the Relevant Date, or (iv) in the case of any other Equity Security, the fair market value of such Equity Security on the Relevant Date, determined in good faith on the basis of the most recent information then available. In the case of any Equity Security specified in clauses (i) or (ii) of the preceding sentence as to which no such reported closing or sale price is available for any particular day, the average of the reported high bid and low asked prices for such day, as reported by a reputable quotation service or The Wall Street Journal, Eastern Edition (or if such newspaper is no longer published, then in a newspaper of general circulation in the Borough of Manhattan, City and State of New York, customarily published on each business day, designated by the Parties) shall be utilized in lieu of the reported closing or sale price for such day in making the calculation specified in such clauses.

"Notice Date" has the meaning ascribed to it in SECTION 4.05(a).

"Notice of Acceptance" has the meaning ascribed to it in SECTION 4.05(b).

"Notice of Demand" has the meaning ascribed to it in the Registration Rights Agreement.

"Notice of Offer" has the meaning ascribed to it in SECTION 4.05(a).

"100% Party Subsidiary" has the meaning ascribed to it in Article Fourth, Section 2(a) of the Restated Certificate.

"Option Purchase Price" has the meaning ascribed to it in SECTION 4.08(a).

"Person" means an individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Plan of Reorganization" has the meaning ascribed to it in the recitals.

"Pledgee" has the meaning ascribed to it in SECTION 4.04(a).

"Preferred Stock" means the Air Canada Preferred Stock, the GECC Preferred Stock and any other series of preferred stock of Continental.

"Reduced Fee Securities" has the meaning ascribed to it in SECTION 4.05(f).

"Purchase Option" has the meaning ascribed to it in SECTION 4.08(a).

"Registrable Securities" has the meaning ascribed to it in the Registration Rights Agreement.

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of the date hereof, among Air Partners, Air Canada and Continental as it may be amended, modified or supplemented from time to time.

"Relevant Date" means (i) the Class B Purchase Notice Date, in the case of calculating the Class B Consent Fee pursuant to SECTION 4.02(b), (ii) the Notice Date, in the case of calculating the Class A Consent Fee pursuant to SECTION 4.05(f) or (iii) the date Air Canada delivers the Exercise Notice, in the case of calculating the Option Purchase Price pursuant to SECTION 4.08(d).

"Restated Certificate" means the Restated Certificate of Incorporation of Continental, substantially in the form of EXHIBIT B.

"Rule 144 Market Price" means (i) in the case of any Equity Security listed or admitted to trading on any securities exchange, the closing price, regular way, on the principal exchange on which such Equity Security is traded on the business day immediately preceding the Rule 144 Notice Date, (ii) in the case of any Equity Security not then listed or admitted to trading on any securities exchange but as to which sales prices are regularly reported by a reputable quotation source, the final reported sales price for the business day immediately preceding the Rule 144 Notice Date as reported by a reputable quotation source, (iii) in the case of any share of Class D Common Stock, the Rule 144 Market Price of a share of Class A Common Stock on the business day immediately preceding the Rule 144 Notice Date, or (iv) in the case of any Equity Security specified in the preceding clauses (i) or (ii) as to which no such reported closing or sale price is available for such date, the average of the reported high bid and low asked prices for such date, as reported by a reputable quotation service or The Wall Street Journal, Eastern Edition, or if such newspaper is no longer published, then in a newspaper of general circulation in the Borough of Manhattan, City and State of New York, customarily published on each business day, designated by the Parties.

"Rule 144 Notice" has the meaning ascribed to it in SECTION 4.06(a).

"Rule 144 Notice Date" has the meaning ascribed to it in SECTION 4.06(a).

"Rule 144 Notice of Acceptance" has the meaning ascribed to it in SECTION 4.06(b).

"Rule 144 Sale" means a sale pursuant to, and in compliance with, Rule 144 of the 1933 Act (or any similar rule or regulation enacted in substitution thereof).

"SEC" means the United States Securities and Exchange Commission or any successor governmental agency or authority thereto.

"Series A Note Purchase and Collateral Security Agreements" means that certain Loan Agreement (and all security and ancillary agreements related thereto), dated as of the date hereof, between Continental Micronesia Inc. and General Electric Capital Corporation.

"Series B Note Purchase and Collateral Security Agreements" means the Loan Agreements (and all security and ancillary agreements related thereto), each dated as of the date hereof, between Continental and ASATT Corp..

"Series C Note Purchase and Collateral Security Agreements" means that certain Loan Agreement (and all security and ancillary agreements related thereto), dated as of the date hereof, between Continental and General Electric Capital Corporation.

"Special Option Notice" has the meaning ascribed to it in SECTION 6.03(a)(i).

"Standstill Termination Date" means the earlier of (i) the Exercise Date and (ii) the date on which either Air Partners or Air Canada beneficially owns, directly or indirectly, less than fifteen percent (15%) of the aggregate voting power of the then outstanding Voting Securities on a fully-diluted basis.

"Subsidiary Equity Securities" has the meaning ascribed to it in SECTION 3.01(g).

"Successor" means, with respect to either Party, a successor to such Party by merger, consolidation or other similar transaction.

"Synergy Agreements" has the meaning ascribed to it in the Investment Agreement, as such agreements may be amended, modified or supplemented from time to time.

"Transaction Documents" has the meaning ascribed to it in the recitals.

"UMDA Warrant" means the warrant issued to United Micronesia Development Association in connection with the Air Mike Documentation (as defined in the Investment Agreement).

"Voting Securities" has the meaning ascribed to it in SECTION 5.01.

"Warrants" means the Class A Warrants and the Class B Warrants.

"Warrant Agreement" means the Warrant Agreement, dated as of the date hereof, among Continental, Air Partners, Air Canada and Continental, as the Warrant Agent, as it may be amended, modified or supplemented from time to time.

ARTICLE II

PURCHASE OF COMMON STOCK AND AIR CANADA PREFERRED STOCK

SECTION 2.01 Subscription and Sale. (a) Upon the terms and subject to the conditions of this Agreement and the Investment Agreement, Continental agrees to issue to Air Partners, and Air Partners agrees to purchase from Continental, at the Closing: (i) 2,740,000 shares of Class A Common Stock and (ii) 2,260,000 shares of Class B Common Stock. The aggregate purchase price payable by Air Partners for such shares of Common Stock and the Warrants to be issued to Air Partners pursuant to the Warrant Agreement is Fifty-five Million Dollars ($55,000,000), less any unreimbursed fees or expenses of Air Partners or its representatives or agents required to be paid by Continental or its Affiliates pursuant to the Investment Agreement, the Interim Procedures Agreement or the other Transaction Documents.

(b) Upon the terms and subject to the conditions of this Agreement and the Investment Agreement, Continental agrees to issue to Air Canada, and Air Canada agrees to purchase from Continental, at the Closing: (i) 1,373,216 shares of Class A Common Stock, (ii) 3,626,784 shares of Class B Common Stock, of which 1,366,784 shares (the "Additional Class B Common Stock") may be exchanged by Air Canada (in whole or in part) for shares of Class A Common Stock upon the terms and subject to the conditions set forth in this Agreement and Article Fourth, Section 2(f) of the Restated Certificate and (iii) 300,000 shares of Air Canada Preferred Stock, containing the terms, preferences and limitations set forth in the Certificate of Designation, substantially in the form of EXHIBIT A. The aggregate purchase price payable by Air Canada for such shares of Common Stock and the Air Canada Preferred Stock and the Warrants to be issued to Air Canada pursuant to the Warrant Agreement is Eighty-five Million Dollars ($85,000,000), less any unreimbursed fees or expenses of Air Canada or its representatives or agents required to be paid by Continental or its Affiliates pursuant to the Investment Agreement, the Interim Procedures Agreement or the other Transaction Documents.

(c) Any determination of the fair market value of the Warrants purchased pursuant to the Warrant Agreement for purposes of allocating the purchase price of securities described in SECTION 2.01(a) or 2.01(b), for federal or other income tax purposes, for accounting purposes or for any other purpose shall be made in good faith jointly by Air Partners, Air Canada and Continental and such determinations shall be binding as between or among such parties.

SECTION 2.02 Closing. The closing (the "Closing") of the subscription and sale of the Common Stock and the Air Canada Preferred Stock purchased hereunder shall take place simultaneously with the purchase of the Warrants to be issued to Air Partners and Air Canada pursuant to the Warrant Agreement at the offices of Hughes Hubbard & Reed in New York, New York as soon as possible after satisfaction of the conditions set forth in SECTION 2.03, or at such other time or place as the parties hereto may agree. At the Closing, (a) each of the Parties shall pay the purchase price specified in SECTION 2.01 for the Initial Equity Securities it is purchasing hereunder and under the Warrant Agreement by wire transfer in immediately available funds to such bank account or accounts as shall have been specified in writing by Continental to Air Partners and Air Canada not less than three (3) business days prior to the date of the Closing (the "Closing Date"), (b) Continental shall deliver to Air Partners and Air Canada one or more stock certificates (in the form attached as EXHIBIT D, or in such other form as the parties may agree) representing the shares of Common Stock and Air Canada Preferred Stock purchased by such Party hereunder in the name of such Party or such Party's nominee and (c) the Warrant Agent (as defined in the Warrant Agreement) shall deliver to Air Partners and Air Canada, respectively, one or more certificates representing the Warrants purchased by each such Party pursuant to the terms of the Warrant Agreement.

SECTION 2.03 Conditions to Consummation. (a) Each of Air Partners' and Air Canada's obligations to consummate the Closing and purchase the Initial Equity Securities it has agreed to purchase hereunder and under the Warrant Agreement is subject to the simultaneous purchase by the other Party of the Initial Equity Securities to be purchased by such other Party and to the satisfaction or waiver of the other conditions to the Parties' obligations set forth in the Investment Agreement and the other Transaction Documents.

(b) The obligation of Continental to consummate the Closing is subject to the receipt of the funds specified in SECTION 2.01 (less any unreimbursed fees and expenses of the Parties and their respective representatives and agents required to be paid by Continental or its Affiliates pursuant to the Investment Agreement, the Interim Procedures Agreement or the other Transaction Documents), and the satisfaction or waiver of the other conditions to Continental's obligations set forth in the Investment Agreement and the

other Transaction Documents.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

SECTION 3.01 Representations and Warranties of Continental. Continental represents and warrants to the Parties as of the Closing Date as follows:

(a) Continental and each Continental Subsidiary are corporations duly incorporated, validly existing and in good standing under the laws of the states of their respective incorporation, and have all powers and all material governmental licenses, authorizations, consents and approvals required to carry on their respective businesses as now conducted and as proposed to be conducted under the Plan of Reorganization. Continental and, except as set forth in SCHEDULE 3.01(a), each Continental Subsidiary are duly qualified to do business as a foreign corporation and are in good standing in each jurisdiction where the character of the property owned or leased by them or the nature of their activities make such qualification necessary, except for those jurisdictions where failure to be so qualified would not, individually or in the aggregate, have an Adverse Effect;

(b) The execution, delivery and performance by Continental or any Continental Subsidiary of this Agreement and the Transaction Documents to which it is a party and the consummation by Continental or any Continental Subsidiary of the transactions contemplated hereby and thereby are within the corporate powers of Continental or such Continental Subsidiary, as the case may be, and have been duly authorized by all necessary corporate action on the part of Continental or such Continental Subsidiary, as the case may be. This Agreement and the Transaction Documents to which Continental or any Continental Subsidiary is a party constitute valid and binding agreements of Continental or such Continental Subsidiary, as the case may be, in each case enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law);

(c) The execution, delivery and performance as of the Closing by Continental or any Continental Subsidiary of this Agreement and the Equity Documents to which it is a party require no consent, approval, waiver or action by or in respect of, or filing with, any Governmental Authority other than (i) filings under the HSR Act (which filings have been made and as to which the waiting period has terminated), (ii) confirmation by the Bankruptcy Court of the Plan of Reorganization (which confirmation occurred on April 16, 1993), (iii) if applicable, filings with and approval of, or exemption, waiver or disclaimer of jurisdiction by, the DOT pursuant to the Aviation Act (all of which have been made or received, as the case may be) and (iv) periodic and other reporting requirements under the applicable rules and regulations of the SEC;

(d) No consent, approval, waiver or other action by any Person (other than a Governmental Authority referred to in SECTION 3.01(c)) under any contract, agreement, indenture, lease, instrument or other document to which Continental or any Continental Subsidiary is a party or by which any of them is bound is required or necessary for the execution, delivery and performance as of the Closing of this Agreement and the Equity Documents by Continental or any Continental Subsidiary or the consummation of the transactions contemplated hereby and thereby, other than those consents, approvals, waivers or other actions that have been obtained by Continental or waived by such other Person;

(e) The execution, delivery and performance as of the Closing by Continental or any Continental Subsidiary of this Agreement and the Equity Documents to which it is a party do not (i) contravene or conflict with the Restated Certificate or bylaws of Continental or the certificate of incorporation or bylaws of any Continental Subsidiary, (ii) contravene or conflict with or constitute a violation of any provision of any law, regulation, judgment, injunction, order or decree binding upon or applicable to Continental or any Continental Subsidiary, (iii) constitute a default under or give rise to any right of termination, cancellation or acceleration of any right or obligation of Continental or any Continental Subsidiary or to a loss of any benefit to which Continental or any Continental Subsidiary is entitled under any provision of any agreement, contract or other instrument binding upon Continental or any Continental Subsidiary or any license, franchise, permit or other similar authorization held by Continental or any Continental Subsidiary, other than those defaults, rights or losses set forth in SCHEDULE 3.01(e) or (iv) result in the creation or imposition of any Lien on any asset of Continental or any Continental Subsidiary;

(f) Upon the Closing, the authorized capital stock of Continental shall consist of ten million (10,000,000) shares of Preferred Stock and two hundred and fifty million (250,000,000) shares of Common Stock (comprised of fifty million (50,000,000) shares of Class A Common Stock, one hundred million (100,000,000) shares of Class B Common Stock, fifty million (50,000,000) shares of Class C Common Stock and fifty million (50,000,000) shares of Class D Common Stock). Upon the Closing, there shall not be outstanding (other than the Initial Equity Securities) any (i) common stock of Continental, other than 1,900,000 shares of Class A Common Stock and up to 5,535,989 shares of Class B Common Stock issued for the benefit of prepetition unsecured claimants and Continental's retirement plan as provided for in the PBGC Settlement (as defined in the Investment Agreement), (ii) preferred stock of Continental other than the GECC Preferred, (iii) securities of Continental convertible into or exchangeable for shares of capital stock, voting securities or other equity interests of Continental other than the Series B Notes which may be used by the holder of any Warrant to pay the warrant price under the Warrants or (iv) options or other rights to acquire from Continental an equity interest in Continental. Upon the Closing, there shall not be reserved for issuance any capital stock of Continental other than a sufficient number of shares of Common Stock to enable (A) the Parties to exercise their Warrants in accordance with the terms of the Warrant Agreement and to convert their Class A Common Stock into Class C Common Stock or Class D Common Stock, as the case may be, in accordance with the terms of this Agreement and Article Fourth, Section 2(e) of the Restated Certificate and (B) Air Canada to exercise the Air Canada Put in accordance with the terms of this Agreement and Article Fourth, Section 2(f) of the Restated Certificate and to convert its Class A Common Stock into an equal number of shares of Class B Common Stock in accordance with the terms of this Agreement and Article Fourth, Section 2(e) of the Restated Certificate. Upon the Closing, (1) all outstanding shares of Continental's capital stock shall be duly authorized, validly issued, fully paid and non-assessable and (2) Continental, except as provided in the Investment Agreement, the other Transaction Documents or the Plan of Reorganization, shall not be obligated to issue, repurchase, redeem or otherwise acquire any of such capital stock. Continental will transfer and deliver to (or at the direction of) each of the Parties at the Closing valid title to the Initial Equity Securities issued to such Party free and clear of any Liens;

(g) SCHEDULE 3.01(g) sets forth the name, the place of incorporation and the number and class of shares of outstanding capital stock or other equity interests of each Continental Subsidiary as of the Closing. Except as set forth in SCHEDULE 3.01(g), upon the Closing, all of the capital stock of, or other equity interests in, each Continental Subsidiary will be owned by Continental, directly or indirectly, free and clear of any Liens and free of any other limitation or restriction (including any restriction on the right to vote, sell or otherwise dispose of such capital stock or other equity interest other than those arising under applicable law). Upon the Closing, there shall not be outstanding any (i) capital stock of any Continental Subsidiary other than the shares of capital stock set forth in SCHEDULE 3.01(g), (ii) securities of Continental or any Continental Subsidiary convertible into or exchangeable for shares of capital stock, voting securities or other equity interests in any Continental Subsidiary or (iii) options or other rights to acquire from Continental or any Continental Subsidiary any equity interest of any Continental Subsidiary other than the UMDA Warrant (the securities in clauses (i), (ii) and (iii) being referred to collectively as the "Subsidiary Equity Securities"). Upon the Closing, there shall not be outstanding any obligations of Continental or any Continental Subsidiary to issue, repurchase, redeem or otherwise acquire any Subsidiary Equity Securities;

(h) Continental and its Affiliates have performed all of their obligations under this Agreement, the Investment Agreement and any other Transaction Document (including all orders of the Bankruptcy Court in respect thereof) required to be performed by Continental and such Affiliates on or prior to the Closing Date; and all representations and warranties of Continental and its Affiliates under the Investment Agreement and the other Transaction Documents shall be true and correct in all material respects as of the Closing Date; and

(i) To its knowledge, the written information provided by Continental and its Affiliates to the Parties in connection with the transactions contemplated hereby and to the DOT in connection with the matters referred to in SECTION 3.01(c)(iii) (except for written information provided by Continental and its Affiliates to the DOT that is based exclusively on written information provided by the Parties specifically for inclusion in such information), taken together, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not misleading in light of the circumstances in which such statements were made.

SECTION 3.02 Representations and Warranties of the Parties. Each of Air Partners and Air Canada (severally and not jointly) hereby represents and

warrants to the other Party and to Continental as of the Closing Date as follows:

(a) It is, in the case of Air Partners, a limited partnership, duly organized and validly existing under the laws of the State of Texas, or, in the case of Air Canada, a corporation, duly organized, validly existing and in good standing under the laws of Canada, and has all powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted;

(b) The execution, delivery and performance by it of this Agreement and the Transaction Documents to which it is a party and the consummation by it of the transactions contemplated hereby and thereby are within its powers and have been duly authorized by all necessary action on its part. This Agreement and the Transaction Documents to which it is a party constitute valid and binding agreements of it, enforceable against it in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law);

(c) The execution, delivery and performance as of the Closing by it of this Agreement and the Equity Documents to which it is a party require no consent, approval, waiver or action by or in respect of, or filing with, any Governmental Authority other than (i) filings under the HSR Act (which filings have been made and as to which the waiting period has terminated), (ii) confirmation by the Bankruptcy Court of the Plan of Reorganization (which confirmation occurred on April 16, 1993), (iii) if applicable, filings with and approval of, or exemption, waiver or disclaimer of jurisdiction by, the DOT pursuant to the Aviation Act (all of which have been made or received, as the case may be) and (iv) periodic and other reporting requirements under the applicable rules and regulations of the SEC;

(d) No consent, approval, waiver or other action by any Person (other than (i) a Governmental Authority referred to in SECTION 3.02(c) or (ii) any party to this Agreement) under any contract, agreement, indenture, lease, instrument or other document to which it is a party or by which it is bound is required or necessary for the execution, delivery and performance by it as of the Closing of this Agreement and the Equity Documents to which it is a party, other than those consents, waivers or other actions which have already been obtained by it or waived by such other Person or the absence of which, individually or in the aggregate, would not have an Adverse Effect;

(e) The execution, delivery and performance as of the Closing by it of this Agreement and the Equity Documents to which it is a party do not (i) contravene or conflict with its constituent documents, (ii) contravene or conflict with or constitute a violation of any provision of any law, regulation, judgment, injunction, order or decree binding upon or applicable to it or (iii) constitute a default under or give rise to any right of termination, cancellation or acceleration of any right or obligation of it or to a loss of any benefit to which it is entitled under any provision of any agreement, contract or other instrument binding upon it or any license, franchise, permit or other similar authorization held by it other than those defaults, rights or losses which would not, individually or in the aggregate, have an Adverse Effect;

(f) It is purchasing the Initial Equity Securities purchased by it pursuant to this Agreement and the Warrant Agreement for investment for its own account and not with a view to, or for sale in connection with, any public distribution thereof in violation of the 1933 Act and applicable state securities or "blue sky" laws, and it is an "accredited investor" as such term is defined in Regulation D under the 1933 Act; and

(g) To its knowledge, the written information provided by it to the DOT in connection with the transactions contemplated hereby, taken together, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not misleading in light of the circumstances in which such statements were made.

ARTICLE IV

TRANSFER PROVISIONS

SECTION 4.01 Super-Voting Stock and Warrant Lock-Up. (a) Until the Lock-up Termination Date, neither Air Partners nor Air Canada shall, directly or indirectly, sell, assign, transfer or otherwise dispose of, voluntarily or involuntarily (all of which acts shall be deemed included in the term "transfer" as used in this Agreement), all or any portion of, or any interest in, the Class A Common Stock, the Class C Common Stock, the Class D Common Stock, the Converted B Stock, the Additional Class B Common Stock or the Class

A Warrants beneficially owned, directly or indirectly, by it unless (i) such transfer is expressly permitted by the terms of this Agreement (including, without limitation, SECTION 4.03(b) and SECTION 4.04) or (ii) the non-transferring Party has given its prior consent to such transfer. Any transfer in violation of such restrictions shall be void and of no effect and shall not operate to transfer title to, or any interest in, the Equity Securities purportedly transferred to the purported transferee. For purposes of this Agreement, "beneficially owned" has the meaning ascribed to it in Article Sixth, Section 3 of the Restated Certificate.

(b) Notwithstanding anything in SECTION 4.01(a) to the contrary, (i) each of Air Partners and Air Canada may, subject to the terms of ARTICLES V and VIII, exercise their Class A Warrants in accordance with the terms thereof and (ii) Air Canada may, (A) subject to the terms of ARTICLES V and VIII and pursuant to and in accordance with Article Fourth, Section 2(f) of the Restated Certificate, exercise the Air Canada Put and (B) pursuant to and in accordance with Article Fourth, Section 2(e) of the Restated Certificate, convert any or all of its shares of Class A Common Stock (including, without limitation, shares of Class A Common Stock purchased by Air Canada from Air Partners pursuant to SECTION 4.05, SECTION 4.06 or SECTION 4.08) into an equal number of shares of Class B Common Stock (as so converted, the "Converted B Stock").

SECTION 4.02 Class B Common Stock and Warrant Lock-Up. (a) Until the Lock-up Termination Date, Air Partners shall not, directly or indirectly, transfer all or any portion of, or any interest in, the Class B Common Stock or Class B Warrants beneficially owned, directly or indirectly, by it to any air carrier in a privately negotiated transaction unless Air Canada has given its prior consent to such transfer pursuant to this SECTION 4.02. If, prior to the Lock-up Termination Date, Air Partners desires to transfer all or any portion of, or any interest in, the Class B Common Stock or Class B Warrants beneficially owned, directly or indirectly, by it to an air carrier in a privately negotiated transaction pursuant to a good faith offer from such air carrier (or any agent acting on its behalf), Air Partners shall, not less than thirty (30) days prior to the proposed transfer of such Equity Securities, notify Air Canada and request its consent to such proposed transfer. The notice (the "Class B Purchase Notice") of such proposed transfer shall specify (i) the identity of the air carrier, (ii) the number and type of Equity Securities which Air Partners proposes to transfer to such air carrier, (iii) the proposed aggregate purchase price for such Equity Securities, (iv) the proposed closing date of such transaction and (v) all other material terms and conditions of such transaction. The date Air Partners delivers the Class B Purchase Notice is referred to hereinafter as the "Class B Purchase Notice Date". Not more than ten (10) days after the Class B Purchase Notice Date, Air Canada shall notify Air Partners of its determination to consent or to withhold its consent to such transfer. If Air Partners does not receive such notice from Air Canada within such 10-day period (the "Consent Period"), Air Canada shall be deemed to have consented to such transfer. If Air Canada consents (or is deemed to have consented) to such transfer, Air Partners may transfer such Equity Securities to the air carrier identified in the Class B Purchase Notice on the terms specified therein (or on such other terms (other than purchase price, number of Equity Securities to be transferred, payment terms or other material economic terms) as it may reasonably determine), so long as such transfer takes place (subject to the expiration of any waiting period under the HSR Act and the receipt of any necessary Governmental Approval) not more than one hundred and fifty (150) days after the end of the Consent Period (or as soon as practicable after the expiration of any waiting period under the HSR Act and the receipt of any necessary Governmental Approval). If Air Canada withholds its consent to such transfer, (x) Air Canada shall pay to Air Partners the Class B Consent Fee in accordance with SECTION 4.02(b) and (y) Air Partners shall not effect the transfer of the Equity Securities specified in the Class B Purchase Notice as to which a Class B Consent Fee has been paid (but only such Equity Securities as to which a Class B Consent Fee has been paid) to any air carrier in a privately negotiated transaction prior to the Lock-up Termination Date, provided that Air Partners may transfer to the air carrier specified in the Class B Purchase Notice or to any other air carrier the Equity Securities specified in the Class B Purchase Notice as to which a Class B Consent Fee has become payable pursuant to this SECTION 4.02 but has not been paid. Any transfer in violation of the restrictions contained in this SECTION 4.02 shall be void and of no effect and shall not operate to transfer title to, or any interest in, the Equity Securities purportedly transferred to the proposed air carrier transferee.

(b) In the event Air Canada withholds its consent to the transfer by Air Partners of the Class B Common Stock or Class B Warrants beneficially owned, directly or indirectly, by it or any interest therein specified in the Class B Purchase Notice pursuant to SECTION 4.02(a), Air Canada shall pay to Air Partners a cash amount (the "Class B Consent Fee") equal to the excess, if any, of (i) the aggregate purchase price specified in the Class B Purchase Notice over (ii) the Market Price of the Class B Common Stock and Class B

Warrants (or any interest therein) proposed to be transferred pursuant to such notice. Within twenty (20) days of Air Canada notifying Air Partners of its determination not to consent to such transfer, Air Partners shall determine the amount of the Class B Consent Fee and notify Air Canada of such determination, setting forth in reasonable detail the basis for its determination and, in particular, the Market Price of the Class B Common Stock or Class B Warrants (or any interest therein) proposed to be transferred pursuant to the Class B Purchase Notice. If Air Canada agrees with Air Partners' determination of the Class B Consent Fee, it shall pay the Class B Consent Fee within ten (10) days of notification of such determination by wire transfer of immediately available funds to an account or accounts of Air Partners specified by Air Partners not less than two (2) business days prior to the date of payment. If Air Canada does not agree with Air Partners' determination of such Class B Consent Fee, the Parties promptly shall seek to resolve such disagreement and, if they are unable to resolve such disagreement within ten (10) days of Air Partners' notification of its determination of the Class B Consent Fee, Air Partners and Air Canada shall jointly retain an Investment Banking Firm to determine the amount of such Class B Consent Fee (and in particular the Market Price of the Equity Securities specified in the Class B Purchase Notice) in accordance with this SECTION 4.02. If Air Partners and Air Canada are unable to agree on the selection of such firm within twenty (20) days of Air Partners' notification of its determination of the amount of the Class B Consent Fee, each of the Parties shall select its own Investment Banking Firm within five (5) days of the end of such 20-day period and such firms shall, within five (5) days of the first of such selections, jointly agree on a third Investment Banking Firm to be retained by the Parties. The Parties shall cause the Investment Banking Firm so retained by them to determine the amount of the Class B Consent Fee within twenty (20) days of being retained. Air Canada shall pay to Air Partners the Class B Consent Fee within three (3) business days of such determination by wire transfer of immediately available funds to an account or accounts of Air Partners specified by Air Partners not less than two (2) business days prior to the date of payment.

(c) The fees and expenses of the Investment Banking Firm retained by the Parties pursuant to SECTION 4.02(b) shall be borne equally by the Parties, provided that (i) if the Class B Consent Fee as determined by such Investment Banking Firm is at least twenty percent (20%) greater than the amount determined by Air Partners, Air Canada shall pay all of such fees and expenses and (ii) if the Class B Consent Fee as determined by such Investment Banking Firm is at least twenty percent (20%) less than the amount determined by Air Partners, Air Partners shall pay all of such fees and expenses.

SECTION 4.03 Class C Common Stock and Class D Common Stock. (a) After the Lock-up Termination Date, in the event that either Air Partners or Air Canada, directly or indirectly, wishes to transfer (other than to a 100% Party Subsidiary of or Successor to Air Canada or to a 100% Party Subsidiary of or Successor partnership to Air Partners) all or any portion of the Class C Common Stock (in the case of Air Canada) or the Class D Common Stock (in the case of Air Partners) beneficially owned, directly or indirectly, by it, the transferring Party shall give twenty (20) days' prior notice of such transfer to Continental and to the nontransferring Party. Upon such transfer, each share of Class C Common Stock or Class D Common Stock, as the case may be, so transferred shall convert automatically, without any action on the part of the registered holder thereof, into one share of Class A Common Stock. Upon notice of such transfer, Continental shall, pursuant to and in accordance with Article Fourth, Section 2(e) of the Restated Certificate, deliver to the registered holder of such shares, without expense (other than applicable transfer taxes, if any), one or more new Class A Common Stock certificates representing the shares of Class C Common Stock or Class D Common Stock, as the case may be, so transferred in the name of such holder or such holder's nominee.

(b) Notwithstanding anything in SECTION 4.01(a) to the contrary, each of Air Partners and Air Canada may, pursuant to and in accordance with the terms of this Agreement and Article Fourth, Section 2(e) of the Restated Certificate, (i) convert all, but not less than all, of the Class A Common Stock beneficially owned, directly or indirectly, by it into an equal number of shares of Class C Common Stock, in the case of Air Canada, or Class D Common Stock, in the case of Air Partners, or (ii) convert all, but not less than all, of the Class C Common Stock or Class D Common Stock, as the case may be, beneficially owned, directly or indirectly, by it into shares of Class A Common Stock, provided that each share of Class A Common Stock which shall become beneficially owned, directly or indirectly, (A) by Air Canada at any time that any shares of Class C Common Stock shall be outstanding shall convert into one (1) share of Class C Common Stock and (B) by Air Partners at any time that any shares of Class D Common Stock shall be outstanding shall convert into one (1) share of Class D Common Stock, in each case immediately and without any action on the part of the registered holder thereof.

SECTION 4.04 Transfers to 100% Party Subsidiaries; Pledge of Equity

Securities; Other Transactions. (a) Notwithstanding anything herein to the contrary, each of Air Partners and Air Canada may transfer all, but not less than all, of the Common Stock and Warrants beneficially owned by it to any of its 100% Party Subsidiaries; provided, however, that prior to such transfer (i) such 100% Party Subsidiary shall execute and deliver to the non-transferring Party and to Continental a written agreement, reasonably satisfactory in substance and form to such non-transferring Party and to Continental, pursuant to which it assumes all of the obligations of the transferring Party hereunder and (ii) the transferring Party shall guarantee (pursuant to an agreement reasonably satisfactory in substance and form to such non-transferring Party and to Continental) as a primary obligor (A) such 100% Party Subsidiary's performance of all of the obligations of the transferring Party hereunder and (B) that such 100% Party Subsidiary will not cease to be a 100% Party Subsidiary of such transferring Party. Upon such transfer, the transferring Party and such 100% Party Subsidiary shall have joint and several liability with respect to any of the obligations of the transferring Party hereunder, provided that such 100% Party Subsidiary may transfer back to the transferring Party all of the Common Stock and Warrants beneficially owned by it, in which case such 100% Party Subsidiary shall be released from all of the obligations of the transferring Party hereunder, except for those obligations as to which such 100% Party Subsidiary was in default prior to such transfer. Nothing contained in this SECTION 4.04(a) shall prohibit, or be construed to prohibit, a Party from, directly or indirectly, pledging the shares of capital stock or equity interests in any 100% Party Subsidiary to a financial institution (a "Pledgee"), provided that such Pledgee shall comply with the terms of SECTION 4.04(b).

(b) Notwithstanding anything herein to the contrary, each of Air Partners and Air Canada may, at any time, pledge, encumber, hypothecate or otherwise subject to Lien all or any portion of, or any interest in, the Common Stock or Warrants beneficially owned, directly or indirectly, by it to any Pledgee, provided that in the event that a Pledgee acquires beneficial ownership of such Common Stock or Warrants (or any interest therein) through foreclosure or otherwise, such Pledgee shall comply with the transfer restrictions contained in this Agreement in connection with a transfer by it to a third party.

(c) Notwithstanding anything herein to the contrary, no change-in-control or change in ownership of Air Partners or Air Canada shall constitute a breach or violation of, or give rise to any rights under, this ARTICLE IV.

SECTION 4.05 Right of First Refusal - Third Party Transfers. (a) If, at any time after the Lock-up Termination Date, Air Partners has a good faith offer from a third party to purchase all or any portion of, or any interest in, the Class A Common Stock, Class D Common Stock or Class A Warrants beneficially owned, directly or indirectly, by it pursuant to a privately negotiated transaction and Air Partners desires to accept such offer, Air Partners shall give prompt notice to Air Canada (a "Notice of Offer"), which notice shall contain (i) the identity of the proposed transferee, (ii) the number and type of Equity Securities which Air Partners wishes to transfer, (iii) the proposed aggregate purchase price for such Equity Securities, (iv) the proposed closing date of such transaction and (v) all other material economic terms of the offer. The date on which the Notice of Offer is delivered by Air Partners is referred to hereinafter as the "Notice Date". The Notice of Offer shall be deemed an irrevocable offer to sell to Air Canada, on the terms set forth herein and on the material economic terms set forth in the Notice of Offer, the Equity Securities specified in the Notice of Offer, and Air Canada shall have the option, as hereinafter provided, to purchase, subject to ARTICLE VIII, on such terms, the Equity Securities specified in the Notice of Offer.

(b) Within twenty (20) days of the Notice Date, Air Canada shall notify Air Partners as to whether it elects to purchase the Equity Securities being offered (notice of such an election shall be referred to as a "Notice of Acceptance"). The Notice of Acceptance shall be deemed to be an irrevocable agreement by Air Canada to purchase from Air Partners all of the Equity Securities specified in the Notice of Offer on the terms contained herein. If Air Partners does not receive a Notice of Acceptance from Air Canada for all Equity Securities specified in the Notice of Offer within such 20-day period, Air Canada shall be deemed to have elected not to purchase the Equity Securities specified in the Notice of Offer.

(c) If Air Canada elects to purchase the Equity Securities specified in the Notice of Offer, the purchase price for such Equity Securities shall be the purchase price specified in the Notice of Offer, provided that if the proposed transferee identified in the Notice of Offer is an air carrier, then the purchase price in respect of the Adjusted Securities (but only such securities), if any, shall be reduced (but not below the aggregate Market Price of such Equity Securities on the Notice Date) by the Adjustment Amount. The purchase price payable by Air Canada for the Equity Securities specified in the Notice of Offer shall be paid by Air Canada in

cash as provided in this SECTION 4.05(c) except that if such purchase price includes, in whole or in part, notes or other instruments of indebtedness of the proposed transferee (or of any Affiliate thereof or any other Person), then Air Canada may pay the purchase price for the Equity Securities purchased by it hereunder in cash and notes to the same extent as provided for in such Notice of Offer, provided that (i) the notes or other instruments of indebtedness to be provided by Air Canada to Air Partners shall contain the same terms and conditions as the notes or other instruments of indebtedness to be provided by the proposed transferee and are of at least the same credit quality as the notes or other instruments of indebtedness to be provided by the proposed transferee and (ii) Air Canada agrees (on terms reasonably satisfactory to Air Partners) to indemnify Air Partners against and hold it harmless from any increased cost to Air Partners (above those Air Partners would have incurred had the proposed transferee issued such notes or instruments of indebtedness) of holding such notes or instruments of indebtedness, including without limitation, any increased cost resulting from the imposition of any withholding or other tax on payments received in respect of such notes or other instruments of indebtedness. The closing of any transfer of Air Partners' Equity Securities pursuant to this SECTION 4.05 shall take place (subject to the expiration of any waiting period under the HSR Act and the receipt of any necessary Governmental Approval) within thirty (30) days after Air Canada has given its Notice of Acceptance (or as soon as practicable after the expiration of any waiting period under the HSR Act and the receipt of any necessary Governmental Approval, but in no event later than ninety (90) days from the date of such Notice of Acceptance). If such closing shall not have occurred within such 90-day period, Air Canada shall be deemed to have consented to the transfer specified in the Notice of Offer. The closing with respect to such transfer shall occur at 11:00 a.m. at the principal offices of Air Partners, or at such other time or place as the Parties may agree. At such closing, (i) Air Partners shall transfer to Air Canada (or its transferee pursuant to SECTION 4.04(a)) its right, title and interest in and to the Equity Securities so purchased, free and clear of all Liens, and shall deliver to Air Canada (or its transferee pursuant to SECTION 4.04(a)) a certificate or certificates representing the Equity Securities transferred, in each case duly endorsed for transfer or accompanied by appropriate stock transfer powers duly endorsed; and (ii) except to the extent specified in the second sentence of this SECTION 4.05(c), Air Canada (or its transferee pursuant to SECTION 4.04(a)) shall pay to Air Partners the purchase price of the Equity Securities transferred in cash by wire transfer of immediately available funds to the account or accounts of Air Partners specified by Air Partners not less than two (2) business days prior to the closing of such transfer.

(d) If Air Canada elects not to purchase the Equity Securities specified in the Notice of Offer (or is deemed pursuant to SECTION 4.05(b) or (c) to have elected not to purchase such Equity Securities), Air Partners may, subject to SECTION 4.05(e), transfer to the proposed transferee identified in the Notice of Offer the number of Equity Securities specified in the Notice of Offer upon the terms and conditions and at the purchase price set forth in such Notice, provided that such transfer is consummated (subject to the expiration of any waiting period under the HSR Act and the receipt of any necessary Governmental Approval) within one hundred and fifty (150) days of the Notice Date (or as soon as practicable after the expiration of any waiting period under the HSR Act and the receipt of any necessary Governmental Approval). If Air Partners does not complete the contemplated transfer within such period, the provisions of this SECTION 4.05 shall again apply to such Equity Securities, and no transfer of such Equity Securities shall be made otherwise than in accordance with the terms of this Agreement.

(e) If Air Canada elects not to purchase the Equity Securities specified in the Notice of Offer (or is deemed pursuant to SECTION 4.05(b) or (c) to have elected not to purchase such Equity Securities) and the proposed transferee is an air carrier that has made an offer to purchase Equity Securities pursuant to a privately negotiated transaction, Air Canada may elect by notice given to Air Partners within twenty (20) days of the Notice Date to pay to Air Partners the Class A Consent Fee determined pursuant to SECTION 4.05(f). In the event Air Canada makes such election, (i) Air Canada shall pay the Class A Consent Fee as soon as practicable but in no event later than the third (3rd) business day after the final determination of such fee in accordance with the terms of SECTION 4.05(f) by wire transfer of immediately available funds to an account or accounts specified by Air Partners not less than two (2) business days prior to the date of such payment and (ii) Air Partners shall not effect the transfer of the Equity Securities specified in the Notice of Offer as to which a Class A Consent Fee has been paid (but only such Equity Securities as to which a Class A Consent Fee has been paid) pursuant to such Notice of Offer to the air carrier specified therein. If Air Canada pays the Class A Consent Fee pursuant to this SECTION 4.05(e), then the provisions of this SECTION 4.05 (including, without limitation, this SECTION 4.05(e)) shall again apply to each subsequent good faith offer from an air carrier and no transfer of such Equity Securities shall be made otherwise than in accordance with the terms of this Agreement.

(f) The Class A Consent Fee (the "Class A Consent Fee") shall be equal to the excess, if any, of (i) the aggregate purchase price specified in the Notice of Offer over (ii) the aggregate Market Price of the Equity Securities (or any interest therein) proposed to be transferred pursuant to such notice, and shall be determined in a manner analogous to the procedure for the determination of the Class B Consent Fee pursuant to SECTIONS 4.02(b) and (c), provided that the relevant Equity Securities and purchase price for such determination shall be the Equity Securities and purchase price specified in the Notice of Offer; and provided, further, that if Air Canada has paid, or as a result of such Notice of Offer will have paid, a Class A Consent Fee to Air Partners in respect of all of the Class A Consent Securities, then any additional Class A Consent Fee payable by Air Canada to Air Partners in respect of any Class A Consent Securities as to which Air Canada has previously paid or will have paid such a Class A Consent Fee as a result of such Notice of Offer (the "Reduced Fee Securities") shall be calculated in accordance with the terms of SECTION 4.05(g).

(g) The Class A Consent Fee in respect of the Reduced Fee Securities shall be the sum of the respective amounts calculated as to each share (or, in the case of any Warrants, each share issuable on exercise of the Warrants) of Reduced Fee Securities proposed to be transferred pursuant to the Notice of Offer, in accordance with the following formula:

Class A Consent Fee for each Reduced Fee Security proposed to be transferred pursuant to the Notice of Offer = b-c where,

"b" equals the excess, if any, of (i) the average per share purchase price (or, in the case of any Warrants, the imputed average per share price) of the Equity Securities specified in the Notice of Offer over (ii) the average per share Market Price of such Equity Securities; and

"c" equals the aggregate amount of Class A Consent Fees previously paid by Air Canada to Air Partners pursuant to SECTION 4.05(e) in respect of such Reduced Fee Security,

provided that, if less than all Reduced Fee Securities are proposed to be transferred pursuant to any particular transaction, the determination of which Reduced Fee Securities are deemed to be transferred pursuant to such transaction shall be based on the principle that the Reduced Fee Securities with respect to which Air Canada previously paid the highest aggregate per share Class A Consent Fee shall be deemed to be transferred first and the Reduced Fee Securities with respect to which Air Canada previously paid the lowest aggregate per share Class A Consent Fee shall be deemed to be transferred last; and provided, further, that the Class A Consent Fee paid in respect of the Reduced Fee Securities shall never be less than zero.

(h) This SECTION 4.05 shall not apply to (i) any public offering of Equity Securities, or any interest therein, beneficially owned, directly or indirectly, by Air Partners, including any public offering of such securities pursuant to the Registration Rights Agreement, or (ii) any Rule 144 Sale.

SECTION 4.06 Right of First Refusal - Rule 144 Sale. (a) If, at any time after the Lock-up Termination Date, Air Partners desires to transfer all or any portion of the Class A Common Stock, Class D Common Stock or Class A Warrants beneficially owned, directly or indirectly, by it pursuant to a Rule 144 Sale, Air Partners shall give prompt notice thereof to Air Canada. Such notice (a "Rule 144 Notice") shall specify the number and type of Equity Securities proposed to be transferred and the per share Rule 144 Market Price for such Equity Securities. The date on which Air Partners delivers the Rule 144 Notice shall be referred to hereinafter as the "Rule 144 Notice Date." Each Rule 144 Notice shall be deemed an irrevocable offer to sell to Air Canada the number of Equity Securities specified in the Rule 144 Notice at the per share price specified in SECTION 4.06(c), and Air Canada shall have the option, as hereinafter provided, to purchase, subject to ARTICLE VIII, such Equity Securities at such price.

(b) Within ten (10) days of the Rule 144 Notice Date, Air Canada shall notify Air Partners in writing as to whether it elects to purchase the Equity Securities being offered pursuant to the Rule 144 Notice (the "Rule 144 Notice of Acceptance"). The Rule 144 Notice of Acceptance shall be deemed to be an irrevocable agreement by Air Canada to purchase from Air Partners all of the Equity Securities specified in the Rule 144 Notice on the terms contained herein. If Air Partners does not receive a Rule 144 Notice of Acceptance from Air Canada for all of the Equity Securities specified in the Rule 144 Notice within such 10-day period, Air Canada shall be deemed to have elected not to purchase the Equity Securities specified in the Rule 144 Notice.

(c) If Air Canada elects to purchase the Equity Securities specified in the Rule 144 Notice, the purchase price for the Equity Securities

shall be the per share Rule 144 Market Price for such Equity Securities as specified in the Rule 144 Notice. The closing with respect to such purchase shall take place (subject to the expiration of any waiting period under the HSR Act and the receipt of any necessary Governmental Approval) within thirty (30) days after Air Canada has delivered the Rule 144 Notice of Acceptance (or as soon as practicable after the expiration of any waiting period under the HSR Act and the receipt of any necessary Governmental Approval, but in no event later than ninety (90) days from the date of the Rule 144 Notice of Acceptance). If such closing shall not have occurred within such 90-day period, Air Canada shall be deemed to have consented to the transfer specified in the Rule 144 Notice. The closing with respect to such purchase shall occur at 11:00 a.m. at the principal offices of Air Partners, or at such other time or place as the Parties may agree. At such closing, (i) Air Partners shall transfer to Air Canada (or its transferee pursuant to SECTION 4.04(a)) its right, title and interest in and to the Equity Securities so purchased, free and clear of all Liens, and shall deliver to Air Canada (or its transferee pursuant to SECTION 4.04(a)) a certificate or certificates representing the Equity Securities transferred, in each case duly endorsed for transfer or accompanied by appropriate stock transfer powers duly endorsed; and (ii) Air Canada (or its transferee pursuant to SECTION 4.04(a)) shall pay to Air Partners the purchase price of the Equity Securities transferred by wire transfer of immediately available funds to the account or accounts of Air Partners specified by Air Partners not less than two (2) business days prior to the closing of such transfer.

(d) If Air Canada elects not to purchase (or is deemed pursuant to SECTION 4.06(b) or (c) to have elected not to purchase) the Equity Securities Air Partners desires to sell as set forth in the Rule 144 Notice, Air Partners may sell in the open market (and without restriction as to price or time of sale), in one or more installments, up to the maximum number of Equity Securities set forth in the Rule 144 Notice and this SECTION 4.06 shall not apply to such sales.

SECTION 4.07 Effect of Third Party Transfers. Any transferee of Equity Securities transferred pursuant to this ARTICLE IV (except for 100% Party Subsidiaries and Pledgees that acquire ownership of Equity Securities pursuant to SECTION 4.04(a) or (b), who shall remain subject to the transfer restrictions contained in this Agreement), shall take such Equity Securities free and clear of the terms and provisions of this Agreement.

SECTION 4.08 Purchase Option. (a) Subject to ARTICLE VIII, Air Canada shall have the right (the "Purchase Option"), exercisable by notice given at any time after the Lock-up Termination Date, to purchase all, but not less than all, of the shares of Class A Common Stock or Class D Common Stock beneficially owned, directly or indirectly, by Air Partners (the "Covered Securities") upon the terms and subject to the conditions set forth in this SECTION 4.08. The purchase price (the "Option Purchase Price") for the Covered Securities subject to the Purchase Option shall be equal to the product of (i) the number of Covered Securities being purchased and (ii) the per share Market Price of such Covered Securities plus a Control Premium, in each case determined in accordance with this SECTION 4.08.

(b) In the event Air Canada wishes to exercise the Purchase Option, Air Canada shall deliver an irrevocable notice (the "Exercise Notice") to Air Partners indicating its intention to exercise the Purchase Option and specifying a place, date and time (not less than thirty (30) days and not more than sixty (60) days after the date such notice is given) for the closing of such purchase (the actual date of such closing being hereinafter referred to as the "Exercise Date"). Upon receipt of the Exercise Notice, Air Partners shall not, prior to the sixtieth (60th) day after the date it receives such Exercise Notice, transfer any Covered Securities. Notwithstanding the foregoing, Air Canada may not deliver, and Air Partners may not accept, an Exercise Notice at any time during a Blackout Period. Air Partners' obligation to sell the Covered Securities upon receipt of the Exercise Notice and Air Canada's obligation to purchase such Covered Securities shall be subject to the satisfaction or waiver by Air Partners or Air Canada, as the case may be, of the following conditions: (A) no preliminary or permanent injunction or other order against the purchase or delivery of the Covered Securities issued by any federal, state or other court of competent jurisdiction within or outside the United States shall be in effect, (B) any applicable waiting period under the HSR Act shall have expired, (C) Air Canada and Air Partners shall have obtained all necessary Governmental Approvals in connection with the purchase of such Covered Securities and (D) such purchase shall be consistent with the provisions of ARTICLE VIII.

(c) Immediately following the delivery of the Exercise Notice, Air Partners and Air Canada shall jointly designate and retain an Investment Banking Firm satisfactory to each of Air Partners and Air Canada for purposes of determining the Option Purchase Price in accordance with this SECTION 4.08. If Air Partners and Air Canada are unable to agree on the selection of such firm within ten (10) days of the delivery of such Exercise Notice, each of the

Parties shall select its own Investment Banking Firm within five (5) days of the end of such 10-day period and such firms shall, within five (5) days of the first of such selections, jointly agree on a third Investment Banking Firm to be retained by the Parties. The Parties shall cause the Investment Banking Firm so retained by them to reach its determination of the Option Purchase Price within thirty (30) days of being retained by the Parties. Prior to retaining such firm, the Parties shall deliver to such firm a copy of this Agreement and such Investment Banking Firm so retained by the Parties shall agree to determine the Option Purchase Price in accordance with this SECTION 4.08. The fees and expenses of such Investment Banking Firm shall be borne equally by Air Partners and Air Canada if the Purchase Option is exercised. If the Purchase Option is invoked but not exercised pursuant to SECTION 4.08(f), then (i) Air Canada shall pay such fees and expenses if it elects not to purchase the Covered Securities pursuant to SECTION 4.08(f) and (ii) Air Partners shall pay such fees and expenses if it elects not to sell the Covered Securities pursuant to SECTION 4.08(f).

(d) The Investment Banking Firm retained by the Parties shall determine the Option Purchase Price as follows:

(i) First, such firm shall determine the per share Market Price of the Covered Securities; and

(ii) Second, such firm shall determine the Control Premium payable by Air Canada to Air Partners upon exercise of the Purchase Option, calculated in accordance with the following formula:

Control Premium = one-half(x/y)(z) where,

"x" equals the sum of (A) all Common Stock (other than Class B Common Stock) beneficially owned, directly or indirectly, on the date the Exercise Notice is delivered, by Air Partners or Air Canada and all Class A Warrants beneficially owned, directly or indirectly, on such date by Air Partners or Air Canada and determined by the Investment Banking Firm to have value in the context of the auction process hereinafter referred to (the "Exercisable Class A Warrants") and (B) all Additional Class B Common Stock, Further Additional Class B Common Stock and Converted B Stock beneficially owned, directly or indirectly, by Air Canada on the date the Exercise Notice is delivered;

"y" equals the sum of (A) all outstanding Common Stock (other than Class B Common Stock) and Exercisable Class A Warrants on the date the Exercise Notice is delivered and (B) all Additional Class B Common Stock, Further Additional Class B Common Stock and Converted B Stock beneficially owned, directly or indirectly, by Air Canada on such date; and

"z" equals the premium a willing buyer would pay for "y" (assuming for such purposes that all shares of Converted B Stock entitle the holders thereof to ten (10) votes per share and not one (1) vote per share) on the date the Exercise Notice is delivered, pursuant to a successful auction designed to maximize the amount of consideration to be received for such securities,assuming that all holders thereof would be willing sellers, over the aggregate market value of "y",

provided that in the event Air Canada has previously paid to Air Partners a Class A Consent Fee with respect to any of the Covered Securities, the Control Premium shall be calculated in accordance with the following formula:

Control Premium = one-half(x/y)(z)(1-q) where,

"x", "y" and "z" have the meanings specified above; and

"q" equals a fraction (A) the numerator of which is the number of Covered Securities for which the Class A Consent Fee was paid and (B) the denominator of which is the aggregate number of Covered Securities.

(e) Promptly after determining the Option Purchase Price pursuant to this SECTION 4.08, the Investment Banking Firm retained by the Parties shall provide each of the Parties simultaneous notice of its determination, setting forth in reasonable detail the basis for its determination (including, without limitation, any assumptions utilized in connection with such determination). For purposes of this Agreement, the determination of such Investment Banking Firm, absent manifest error, shall be conclusive and binding on the Parties.

(f) If, after receiving such Investment Banking Firm's determination of the Option Purchase Price either Air Partners wishes not to sell or, subject to SECTION 4.08(g), Air Canada wishes not to purchase the Covered Securities as a result of such determination, either of such Parties may elect not to sell or purchase, as the case may be, such Covered Securities by notifying the other Party of such election, within seven (7) days of the receipt of such Investment Banking Firm's determination, in the case of Air Canada, and within ten (10) days of such receipt, in the case of Air Partners. Subject to SECTION 4.08(g), if Air Canada elects not to purchase the Covered Securities as a result of such Investment Banking Firm's determination, the Purchase Option can be reinvoked by Air Canada, and the Option Purchase Price redetermined, in each case pursuant to and in accordance with this SECTION 4.08, at any time commencing six (6) months after the date Air Canada elects not to purchase such Covered Securities, provided that Air Partners may, subject to SECTIONS 4.05 and 4.06, transfer such Covered Securities prior to such reinvocation. Subject to SECTION 4.08(g), if Air Canada has not made an election not to purchase the Covered Securities and Air Partners elects not to sell the Covered Securities as a result of such Investment Banking Firm's determination, Air Canada may reinvoke the Purchase Option, pursuant to and in accordance with this SECTION 4.08, after (i) the second anniversary of the date Air Partners elects not to sell such Covered Securities in the event the per share Option Purchase Price (assuming the Control Premium is allocated among the Covered Securities on a pro rata basis) is less than Air Partners' average cost per share of such Covered Securities or (ii) if the per share Option Purchase Price is equal to or greater than such average cost, the first anniversary of the date Air Partners elects not to sell such Covered Securities, provided that in either of such cases Air Partners may, subject to SECTIONS 4.05 and 4.06, transfer such Covered Securities prior to such reinvocation. If either Air Partners or Air Canada elects not to purchase or sell, as the case may be, the Covered Securities, the provisions of this SECTION 4.08 shall again apply to any subsequent invocation of the Purchase Option, and the transfer of Covered Securities pursuant to the Purchase Option shall be made only in accordance with the terms of this SECTION 4.08.

(g) Notwithstanding anything in SECTION 4.08(f) to the contrary, if (but only if) Air Partners delivers to Air Canada a Special Option Notice and Air Canada wishes to exercise the Purchase Option, Air Canada may deliver an Exercise Notice to Air Partners and exercise the Purchase Option, provided that (i) it delivers such Exercise Notice as promptly as practicable but in no event later than twenty-one (21) days after the date of such Special Option Notice, (ii) Air Canada shall be obligated to purchase the Covered Securities at the Option Purchase Price notwithstanding the Investment Banking Firm's determination of the amount of such Option Purchase Price and (iii) if Air Partners elects not to sell such Covered Securities pursuant to SECTION 4.08(f), Air Canada shall not be restricted from reinvoking the Purchase Option pursuant to SECTION 4.08(f) (except for such restrictions that may have existed prior to delivery of such Special Option Notice). Delivery of a Special Option Notice to Air Canada by Air Partners constitutes an agreement by Air Partners not to deliver a Notice of Demand to Continental prior to twenty-one (21) days after the date of such Special Option Notice.

(h) On the Exercise Date, (i) Air Partners shall transfer to Air Canada its right, title and interest in and to the Covered Securities so purchased, free and clear of all Liens, and Air Partners shall deliver to Air Canada a certificate or certificates representing the Equity Securities transferred, in each case duly endorsed for transfer or accompanied by appropriate stock transfer powers duly endorsed; and (ii) Air Canada shall (A) pay to Air Partners the Option Purchase Price for the Covered Securities to be purchased by wire transfer of immediately available funds to an account or accounts specified by Air Partners not less than two (2) business days prior to the Exercise Date, (B) at Air Partners' election, in lieu of such payment but subject to applicable laws and regulations (including any Canadian laws and regulations), deliver to Air Partners newly-issued shares of its common stock with a current market value on the date of delivery equal to the Option Purchase Price, such shares of common stock to be fully paid, non-assessable, free and clear of all Liens, issued in compliance with all securities laws and in proper form for transfer or (C) at Air Partners' election, pay or deliver to Air Partners a combination of the consideration specified in clauses (A) and (B) above with an aggregate value on the date of delivery equal to the Option Purchase Price. The exercise of the Purchase Option shall constitute a representation by Air Canada to Air Partners and Continental that such exercise shall not precipitate any change in circumstance that would be materially adverse for Continental, taken as a whole.

SECTION 4.09 Limitation of Liability. Notwithstanding anything in this Agreement to the contrary, in the event that either Party breaches this ARTICLE IV, Continental shall not be liable for any actions on its part relating to such breach if Continental was acting on its good faith belief that such breaching Party was complying with the provisions of this ARTICLE IV.

ARTICLE V

STANDSTILL

SECTION 5.01 Standstill. Except as provided in SECTION 5.02, unless the Parties otherwise agree, neither Air Partners nor Air Canada shall, prior to the Standstill Termination Date, directly or indirectly through one or more intermediaries or otherwise, acquire or make an offer to acquire (by any means whatsoever, including, without limitation, by acquisition of any capital stock, through the exercise of any warrant or option or the purchase, conversion or exchange of any other security) any equity security of Continental entitled generally to vote at any meeting of stockholders of Continental ("Voting Securities") if the acquisition or proposed acquisition of such Voting Securities would result in such Party beneficially owning, directly or indirectly, in excess of 42% of the aggregate voting power of the then outstanding capital stock of Continental.

SECTION 5.02 Permitted Acquisitions of Equity Securities. Notwithstanding the provisions of SECTION 5.01 and subject to the terms and conditions of ARTICLE VIII, (a) Air Partners may acquire or make an offer to acquire Voting Securities in excess of 42% of the then outstanding voting power of Continental from time to time on a temporary basis in connection with the exercise of Class A Warrants or Class B Warrants to acquire Class B Common Stock, provided that such Class B Common Stock is subsequently sold (in a public offering, privately negotiated transaction or open market sale) to third parties within ninety (90) days after the acquisition by Air Partners of such Class B Common Stock, (b) Air Canada may acquire or make an offer to acquire Voting Securities in excess of 42% of the then outstanding voting power of Continental in connection with the exercise of the Purchase Option pursuant to SECTION 4.08 or the right of first refusal pursuant to SECTION 4.05 or 4.06 and (c) either Party may acquire or make an offer to acquire Voting Securities in excess of 42% of the then outstanding voting power of Continental to the extent necessary to maintain the combined voting power of the Parties at not less than 51% and not more than 53% of the then outstanding voting power of Continental. Not less than thirty (30) days prior to an acquisition or proposed acquisition of Voting Securities permitted by SECTION 5.02(c), the acquiring Party shall notify the other Party of its intent to acquire such Voting Securities, indicating the number of shares of Voting Securities it intends to purchase, the number of shares of Voting Securities then held by each Party and the number of shares of Voting Securities then outstanding (such numbers to be based on the most recent information then publicly available unless the acquiring Party knows or has reason to know that such information is not accurate). If the non-acquiring Party disagrees with the information set forth in such notice, the Parties shall, prior to the acquisition of such Voting Securities, notify Continental regarding such proposed acquisition and Continental shall determine whether such acquisition, based on information available to it, is permitted by this SECTION 5.02. Continental's determination regarding such proposed acquisition shall be conclusive and binding upon the Parties.

ARTICLE VI

REGISTRATION OF EQUITY SECURITIES;
REGISTRATION RIGHTS AGREEMENT

SECTION 6.01 Unregistered Equity Securities. Each of Air Partners and Air Canada acknowledges that it has been advised that the Initial Equity Securities to be purchased by it pursuant to this Agreement and the Warrant Agreement and the Equity Securities to be issued pursuant to the exercise of the Warrants have not been registered under the 1933 Act. Each of Air Partners and Air Canada agrees that, in addition to the other restrictions on transfer contained in this Agreement and the Warrant Agreement, it shall not, directly or indirectly, transfer all, or any portion of, or any interest in, the Initial Equity Securities (or any other Equity Securities) beneficially owned, directly or indirectly, by it (or solicit any offers to purchase or otherwise acquire such Equity Securities) unless such transfer is made (a) pursuant to an effective registration statement under the 1933 Act and all applicable state securities and "blue sky" laws or (b) pursuant to an available exemption from registration under, or otherwise in compliance with, the 1933 Act and all applicable state securities and "blue sky" laws.

SECTION 6.02 Restrictive Legend. (a) Each certificate evidencing (i) the Common Stock (x) purchased hereunder, (y) issuable in connection with the exercise of the Warrants or (z) issuable in exchange for any of the foregoing and (ii) the Air Canada Preferred Stock shall contain the following restrictive legend:

> The sale, assignment, transfer or other disposition of the securities evidenced by this certificate, or any interest in such

securities, is restricted by the terms of the Subscription and Stockholders' Agreement dated April 27, 1993, a copy of which is on file at the principal office of Continental. No such sale, assignment, transfer or other disposition shall be effective unless and until the terms and conditions of the aforesaid Subscription and Stockholders' Agreement shall have been complied with in full.

The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, and the rules and regulations thereunder (the "1933 Act"), or under the securities laws of any state; and such securities may not be sold or transferred other than in accordance with the registration requirements of the 1933 Act or an exemption therefrom.

(b) Each certificate evidencing the Warrants purchased pursuant to the Warrant Agreement shall contain the restrictive legend specified in Section 2.04 of the Warrant Agreement.

SECTION 6.03 Registration Rights Agreement. (a) Each of Continental, Air Canada and Air Partners has entered into the Registration Rights Agreement. Each of the parties hereto agrees that rights expressly granted to the Parties as such pursuant to such agreement shall be allocated between Air Partners and Air Canada as follows (capitalized terms used and not defined in this SECTION 6.03(a) shall have the meanings specified in the Registration Rights Agreement):

(i) Notwithstanding anything in the Registration Rights Agreement to the contrary and subject to SECTION 6.03(c), (A) Air Partners shall be the only Party entitled to deliver to Continental each Notice of Demand the Parties may so deliver pursuant to the Registration Rights Agreement and to determine the content thereof and any other matter relating to any registration of securities under the Registration Rights Agreement expressly reserved to the Parties (as such) in the Registration Rights Agreement (including, without limitation, determination of the method of disposition to be used pursuant to Section 2.1(a) thereof, the form of and information to be contained in the registration statement pursuant to Section 2.1(d) thereof and the selection of an underwriter or underwriters pursuant to Section 2.1(g) thereof), in each case, in its sole discretion, provided that, prior to sending a Notice of Demand to Continental, Air Partners shall give Air Canada not less than twenty-one (21) days' notice (the "Special Option Notice") of its intention to make such request; and (B) Air Canada shall in no event provide a Notice of Demand to Continental without the written consent of Air Partners.

(ii) Air Canada may, from time to time, request that Air Partners deliver a Notice of Demand to Continental pursuant to the Registration Rights Agreement. In the event Air Canada makes such a request in writing to Air Partners, Air Partners shall notify Air Canada within twenty (20) days of Air Partners' receipt of such request as to whether Air Partners intends to deliver such Notice of Demand to Continental pursuant to such request and, if not, the basis, if any, for denying such request. Air Partners shall be under no obligation to deliver to Continental such Notice of Demand as requested by Air Canada.

(iii) Any Registrable Securities that are to be sold in a demand registration under the circumstances specified in Section 2.1 of the Registration Rights Agreement shall be allocated between the Parties as follows: first, all Registrable Securities requested to be included in such registration by Air Partners as specified in writing by Air Partners; and second, to the extent permitted by the underwriter or underwriters of such Registrable Securities pursuant, as the case may be, to Section 2.1(h) or 2.2(b) of the Registration Rights Agreement, such Registrable Securities requested to be included in such registration by Air Canada as specified in writing by Air Canada.

(iv) Any Registrable Securities that are to be sold in an incidental registration under the circumstances specified in Section 2.2 of the Registration Rights Agreement shall be allocated between the Parties as follows: first, all Registrable Securities requested to be included in such registration by Air Partners as specified in writing by Air Partners; and second, to the extent permitted by the underwriter or underwriters of such Registrable Securities pursuant, as the case may be, to Section 2.1(h) or 2.2(b) of the Registration Rights Agreement, such Registrable Securities requested to be included in such registration by Air Canada as specified in writing by Air Canada.

(b) In the event that prior to the termination or expiration of this Agreement Air Canada terminates its rights under SECTIONS 4.02, 4.05, 4.06 and 4.08 of this Agreement, Air Canada shall have the right to participate with Air Partners on a share for share basis in any registration Air Partners requests pursuant to Section 2.1(a) of the Registration Rights

Agreement or any incidental registration pursuant to Section 2.2(b) of such Agreement.

(c) In the event that Air Partners beneficially owns, directly or indirectly, less than five percent (5%) of the aggregate voting power of the then outstanding Voting Securities on a fully-diluted basis, Air Partners shall notify Air Canada and Continental of such change in beneficial ownership and it hereby agrees to allow Air Canada to determine the timing and content of any Notice of Demand pursuant to SECTION 6.03(a), and thereafter Air Canada shall be the only Party entitled to deliver to Continental each Notice of Demand the Parties may deliver pursuant to the Registration Rights Agreement.

SECTION 6.04 Termination of Restriction. With respect to any Equity Securities, the restriction referred to in the first paragraph of the legend required pursuant to SECTION 6.02 shall cease and terminate upon transfer of such Equity Securities pursuant to ARTICLE IV (except for a transfer to a 100% Party Subsidiary pursuant to SECTION 4.04(a) or to a Pledgee pursuant to SECTION 4.04(b)). The restriction referred to in the last paragraph of the legend required pursuant to SECTION 6.02 shall cease and terminate as to any particular Equity Securities at the earlier of (a) the time when such restriction is no longer required in order to assure compliance with the 1933 Act and any applicable blue sky laws and (b) the time when such Equity Securities shall have been effectively registered under the 1933 Act and any applicable blue sky laws. Whenever either such restriction shall cease and terminate as to any such Equity Securities, each of Air Partners and Air Canada shall be entitled to receive from Continental, and Continental hereby agrees to provide to Air Partners and Air Canada, without expense (other than applicable transfer taxes, if any), new certificates for such Equity Securities of like tenor not bearing the endorsement set forth in either the first paragraph or the last paragraph, as the case may be, of the legend contained in SECTION 6.02.

ARTICLE VII

MANAGEMENT OF CONTINENTAL

SECTION 7.01 Board of Directors. (a) As of the Closing Date, Continental's Board of Directors (the "Board") shall be comprised of eighteen (18) directors, consisting of (i) the six (6) individuals designated by Air Partners and identified in SCHEDULE 7.01 as Air Partners designees, (ii) the six (6) individuals designated by Air Canada and identified in SCHEDULE 7.01 as Air Canada designees, (iii) the three (3) individuals designated by the Creditors Committee and identified in SCHEDULE 7.01 as the Creditors Designees, (iv) the two (2) independent directors identified in SCHEDULE 7.01 as the independent directors and (v) the one (1) management director identified in SCHEDULE 7.01 as the management designee.

(b) At all times after the Closing Date other than during the Conversion Period, each of the Parties shall take all action necessary, including, without limitation, voting, or providing a written consent with respect to, all Common Stock beneficially owned, directly or indirectly, by it to cause the Board to consist at all times of eighteen (18) directors, (i) six (6) of whom shall be designated or nominated by Air Partners, (ii) six (6) of whom shall be designated or nominated by Air Canada and (iii) six (6) of whom shall be Independent Directors satisfactory to Air Partners, including one (1) management director satisfactory to Air Partners, which management director shall be the Chief Executive Officer of Continental (so long as such Chief Executive Officer has been appointed by the Board and has not resigned, been removed or otherwise ceased to serve in such capacity).

(c) Each Party agrees (i) subject to the terms of the Restated Certificate, to vote, or provide a written consent with respect to, all Common Stock beneficially owned, directly or indirectly, by it to ensure that the Creditors Designees to the Board are elected to serve on the Board for at least three (3) years from the Closing Date and (ii) to cause its nominees or designees to the Board to vote in favor of, or provide their written consent with respect to, the appointment of one Creditors Designee to the Audit Committee of the Board, if any, for at least three (3) years from the Closing Date, provided that, in each case, such Creditors Designee or Designees shall be satisfactory to Air Partners and shall also meet the qualifications specified in clause (ii) of the definition of "Independent Director".

(d) Each Party agrees, upon the request of the other Party, to take all action necessary, including, without limitation, to vote, or to provide a written consent with respect to, all of the Common Stock beneficially owned, directly or indirectly, by it for the removal from the Board of any designee or nominee of such requesting Party. Except as provided in the preceding sentence, each Party agrees not to take any action, including, without limitation, to vote, or to provide its written consent with respect to, any of the Common Stock beneficially owned, directly or indirectly, by it for the removal from the Board of any designee or nominee of the other Party.

(e) Each of Air Partners and Air Canada agrees to cause its designees or nominees to the Board to recuse themselves at Board meetings from voting on and receiving information with respect to matters (i) relating to actions to be taken by Continental with respect to which applicable corporate law and general principles of fiduciary duty would require such recusal from voting or receiving information or (ii) in the case of Air Canada designees or nominees only, in connection with aviation negotiations between the United States and Canada involving a direct and predictable effect on competition with Air Canada in any transborder markets as long as such voting in connection with such aviation negotiations matters or receipt of information in connection therewith would (A) result in noncompliance with applicable statutory, regulatory and interpretive restrictions regarding foreign ownership or control of United States air carriers ("Foreign Ownership Restrictions") or (B) adversely affect Continental's or the Continental Subsidiaries' operating certificates or authorities.

(f) Each of the Parties agrees that, except as otherwise consistent with Foreign Ownership Restrictions, all directors of Continental (other than the Air Canada designees or nominees) shall be "Citizens of the United States" as such term is defined in the Aviation Act.

SECTION 7.02 Restated Certificate and Bylaws. As of the Closing Date, the Restated Certificate shall be substantially in the form attached as EXHIBIT B and the bylaws of Continental shall be substantially in the form attached as EXHIBIT C.

ARTICLE VIII

FOREIGN OWNERSHIP LIMITATIONS

SECTION 8.01 Foreign Ownership Provisions. Notwithstanding anything herein to the contrary, Air Canada and its Affiliates shall not, directly or indirectly through one or more intermediaries or otherwise, whether voluntarily or involuntarily, acquire (by any means whatsoever, including, without limitation, pursuant to SECTIONS 4.05, 4.06 or 4.08 or by means of merger, consolidation, tender, purchase, exchange, Warrant exercise, conversion or otherwise) any additional capital stock of Continental, dispose of any capital stock of Continental or take any other action, including, without limitation, converting its Class A Common Stock into shares of Class C Common Stock, if such acquisition, disposition or action would (i) adversely affect Continental's or the Continental Subsidiaries' operating certificates or authorities or (ii) not be consistent with any Foreign Ownership Restrictions. In order to satisfy clause (ii) above, Air Canada shall be required to obtain from the DOT written confirmation, which the Board determines by resolution to be reasonably satisfactory to it, as to Air Canada's compliance with Foreign Ownership Restrictions, which confirmation shall remain valid until the Board determines that the conclusions set forth in such confirmation cannot reasonably be continued to be relied upon by the Board (and the Board shall so determine upon its receipt from the DOT of written advice that such confirmation can no longer be relied upon). Prior to effecting any acquisition, disposition, conversion or action that might reasonably be expected to violate Foreign Ownership Restrictions, Air Canada shall provide Air Partners and Continental with at least thirty (30) days advance notice of such acquisition, disposition, conversion or action. Upon Air Partner's or Continental's reasonable request, Air Canada shall, prior to any such acquisition, disposition, conversion or action, furnish Air Partners and Continental with an opinion of its counsel as to its compliance with clause (ii) of this SECTION 8.01.

ARTICLE IX

TERM; TERMINATION

SECTION 9.01 Term. Unless otherwise agreed by the Parties, this Agreement shall expire on the ninth (9th) anniversary of the Closing Date.

SECTION 9.02 Termination. Notwithstanding anything herein to the contrary, this Agreement shall automatically terminate (without any action of the parties hereto) upon the occurrence of any of the following events: (a) Air Canada shall have purchased the Covered Securities pursuant to the Purchase Option set forth in SECTION 4.08, (b) Air Canada shall beneficially own, directly or indirectly, less than ten percent (10%) of the aggregate voting power of the outstanding Voting Securities on a fully-diluted basis, (c) Air Partners shall beneficially own, directly or indirectly, less than ten percent (10%) of the aggregate voting power of the outstanding Voting Securities on a fully-diluted basis, (d) the Board shall have approved a merger, consolidation or other similar extraordinary corporate transaction with respect to Continental or (e) the acceptance for payment by a third party

of shares of Common Stock beneficially owned, directly or indirectly, by Air Canada pursuant to an offer to purchase any or all of the shares of Common Stock then outstanding such that Air Canada's beneficial ownership of such shares would, upon consummation of such tender offer, constitute less than ten percent (10%) of the aggregate voting power of the outstanding Voting Securities on a fully-diluted basis.

ARTICLE X

MISCELLANEOUS PROVISIONS

SECTION 10.01 Cooperation Agreement. The Parties recognize that the Foreign Ownership Restrictions currently restrict Air Canada from fully exercising the rights and privileges that normally would be associated with an investment of the magnitude contemplated by this Agreement. The Parties understand and agree that if and when (and to the extent) such restrictions no longer restrict Air Canada from exercising such rights and privileges, including, without limitation, the right to participate with Air Partners in the selection of Continental management, the Parties will review this Agreement, as well as the Restated Certificate and By-laws of Continental, with a view to enabling Air Canada to fully exercise such rights and privileges taking into consideration Air Partners' and Air Canada's respective business objectives, rights and duties as shareholders of a public company and the fiduciary duties of their board designees.

SECTION 10.02 Amendment. This Agreement may be altered or amended only with the written consent of each of the Parties, provided that if (a) such amendment would impose any additional obligations on or otherwise would have an Adverse Effect on Continental or (b) the provisions of ARTICLE VIII or SECTION 10.14 are altered or amended, the written consent of Continental shall be required for such amendment. A copy of each amendment of this Agreement as to which Continental's consent is not required shall be delivered promptly to Continental after the Parties have executed such amendment. Any provision of this Agreement which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without affecting the validity or enforceability of the remaining provisions hereof.

SECTION 10.03 Specific Performance. The parties hereto agree that the obligations imposed on them in this Agreement are special, unique and of an extraordinary character, and that in the event of a breach by any such party damages would not be an adequate remedy and each of the other parties hereto shall, to the extent permitted by law, be entitled to specific performance and injunctive and other equitable relief in addition to any other remedy to which it may be entitled at law or in equity; and each of the parties hereto, to the extent permitted by law, hereby waives any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief.

SECTION 10.04 Assignment; Successors. Except as specifically provided for in this Agreement, the rights, benefits, privileges and obligations of this Agreement may not be assigned by any party hereto to any other Person. Any Successor partnership to Air Partners or Successor to Air Canada shall be bound by the provisions of this Agreement.

SECTION 10.05 Notices. All notices, statements, instructions, elections or other documents provided for herein shall be in writing and shall be delivered by (i) personal delivery or by mailing the same in a sealed envelope, first-class certified or registered mail, return receipt requested and (ii) except in the case of personal delivery, by facsimile transmission of a copy of such writing, addressed as follows:

if to Air Partners, to:

Air Partners, L.P.
201 Main Street, Suite 2420
Fort Worth, Texas 76102
Telecopy: (817) 871-4010
Attn: James G. Coulter

if to Air Canada, to:

Air Canada
Montreal International Airport (Dorval)
P.O. Box 14000 Postal Station St. Laurent
Canada H4Y 1H4
Telecopy: (514) 422-5829
Attn: Cameron DesBois
Vice President and General Counsel

if to Continental, to:

Continental Airlines, Inc.
2929 Allen Parkway
P.O. Box 4607
Houston, Texas 77210-4607
Telecopy: (713) 834-5161
Attn: General Counsel

Each party, by written notice given to the other parties in accordance with this SECTION 10.05, may change the name or address to which notices, statements, instructions or other documents are to be sent to such party. All notices, statements, instructions and other documents hereunder shall be deemed to have been given upon actual delivery thereof by the party delivering such notices, statements, instructions, and other documents in accordance with this SECTION 10.05.

SECTION 10.06 Complete Agreement; Counterparts. This Agreement and the Transaction Documents constitute the entire agreement among the parties hereto or any of them with respect to the matters referred to herein as they relate to such parties and supersede all prior agreements with respect to the subject matter hereof, including, without limitation, that certain memorandum of understanding between Air Partners and Air Canada dated August 26, 1992. This Agreement may be executed by such parties in any number of counterparts, each of which shall be deemed to be an original, but all of which shall together constitute one and the same instrument.

SECTION 10.07 Headings. The section headings herein are for convenience of reference only and in no way define, limit or extend the scope or intent of this Agreement or any provisions hereof.

SECTION 10.08 CHOICE OF LAW; SUBMISSION TO JURISDICTION. (a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

(b) Each of the parties hereto irrevocably consents and submits (i) to the exclusive jurisdiction of the State and Federal courts located in the County of New York in the State of New York in connection with any suits, actions or other proceedings arising between or among such parties under this Agreement or the Transaction Documents and (ii) to the laying of venue in any such court in any such suit, action or proceeding. Each of such parties irrevocably agrees that such suits, actions or proceedings may only be commenced or prosecuted in such courts, and each irrevocably waives any claim that any such court constitutes an inconvenient forum for the prosection of such suit, action or proceeding. Each of such parties irrevocably agrees not to seek the transfer to any court located outside of the County of New York of any such suit, action or proceeding.

SECTION 10.09 Confidentiality. The parties hereto agree that the transactions contemplated by or referred to in ARTICLE IV and ARTICLE V, including, without limitation, any transfer or proposed transfer of Equity Securities and all information, communications and correspondence relating thereto, are confidential and that such parties shall not, unless required by law, this Agreement or in connection with any litigation arising out of this Agreement, disclose the fact that such transactions are being considered or may be consummated or disclose any such information, communication or correspondence relating to such transactions to any Person (other than such parties' employees and agents who have a need to know the same and who have agreed to be bound by the terms of this confidentiality provision) not a party to this Agreement without the prior consent of all other parties hereto.

SECTION 10.10 Recapitalization, etc. In the event that any capital stock or other securities are issued in respect of, in exchange for, or in substitution of, any Equity Securities by reason of any reorganization, reclassification, merger, consolidation, spin-off, partial or complete liquidation, stock dividend, split-up, sale of assets, distribution to stockholders or combination of the shares of Equity Securities or any other change in Continental's capital structure, appropriate adjustments shall be made to the provisions of this Agreement so as to fairly and equitably preserve, as far as practicable, the original rights and obligations of the Parties under this Agreement.

SECTION 10.11 Payment in Dollars. All payments to be made by any Party under or in connection with this Agreement or referred to herein shall be in dollars of the United States of America.

SECTION 10.12 Third-Party Rights. Except as specifically provided herein, this Agreement is not intended to confer any benefits upon, or create any rights in favor of, any person or entity other than the parties hereto.

SECTION 10.13 Survival. All representations and warranties contained in this Agreement or in any certificate or instrument delivered

pursuant hereto on the Closing Date shall survive the Closing and shall not be affected in any way by any investigation conducted by any party hereto or any information which any party hereto may receive. Any claim in respect of a breach of such representations or warranties must be brought on or before the third (3rd) anniversary of the Closing Date, except for a claim in respect of a breach of the representations and warranties contained in SECTION 3.01(f), which may be brought at any time. The provisions of SECTION 6.03 and SECTION 10.14 shall survive termination of this Agreement.

SECTION 10.14 Taxes. (a) Air Canada shall, upon Continental's written request therefor (such request to specify in reasonable detail the basis for such request), reimburse Continental for any and all withholding tax liabilities (including any interest, penalties and additions to tax with respect thereto) incurred by Continental in connection with any dividends paid or distributions made (including, without limitation, in connection with any redemption of the Air Canada Preferred Stock) on or with respect to the Air Canada Preferred Stock.

(b) Any and all sales, use, transfer, stamp, recording and similar taxes and charges, including, without limitation, all applicable real estate transfer and gains taxes, required to be paid to any relevant Governmental Authority in connection with any purchase of Equity Securities by Air Canada from Air Partners pursuant to ARTICLE IV shall, unless otherwise specified in this Agreement, be borne equally by Air Canada and Air Partners. Each of Air Canada and Air Partners agrees that, to the extent allowable by applicable law, they will cooperate and take all reasonable steps to minimize the amount of such taxes and charges.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CONTINENTAL AIRLINES, INC.

By/s/Continental Airlines, Inc.

Name:
Title:

AIR PARTNERS, L.P.
By 1992 Air GP,
its General Partner
By 1992 Air, Inc.

By/s/ 1992 Air, Inc.
Name:
Title:

AIR CANADA

By/s/ Air Canada
Name:
Title:

SCHEDULE 1.01 - CERTAIN CONTINENTAL SUBSIDIARIES

TAC 380-383-376 Corporation
TAC 380 Corporation
TAC 383 Corporation
CVR Holdings, Inc.
TAC Acquisition, Inc.
Texas Air Finance Corporation
CAL Finance Corporation
EAL Finance Corporation
TAC Shuttle Acquisition Corporation
Continental Airlines Partner, Inc.
Eastern Partner, Inc.
Golden Jet Flight Kitchens, Inc.
Jet Link, Inc.
Continental-Eastern Sales, Inc.
Continental Airlines Presidents Clubs, Inc.
Continental Sales, Inc.
Frontier Horizons, Inc.

Frontier Services Company
Frontier Development Group, Inc.
Colorado Aero Tech, Inc.
CML Holdings Corporation
Continental Agana Hotel Corporation

WARRANT AGREEMENT

THIS AGREEMENT made as of April 27, 1993, between CONTINENTAL AIRLINES, INC., a Delaware Corporation (the "Company"), and the Warrant Agent, as defined herein.

WITNESSETH THAT:

WHEREAS, pursuant to the Revised Second Amended Joint Plan of Reorganization dated January 13, 1993, (as modified) of the Company and its affiliates with respect to the bankruptcy case styled In re Continental Airlines, Inc., et.al., Case Nos. 90-932 through 90-984, inclusive (Bankr. D. Del.) (the "Plan"), and an Investment Agreement, dated as of November 9, 1992 (as amended or modified from time to time, the "Investment Agreement"), among the Company and Continental Airlines Holdings, Inc. for themselves and on behalf of their affiliates, Air Canada, a Canadian corporation and Air Partners, L.P., a Texas limited partnership, the Company proposes to issue and deliver its warrant certificates evidencing warrants to acquire up to an aggregate of 11,120,001 shares, subject to adjustment, of its common stock;

WHEREAS, the Company wishes the Warrant Agent to act on behalf of the Company, and the Warrant Agent is willing to act in connection with the issuance, exchange, transfer, substitution and exercise of Warrants; and

WHEREAS, the Company desires to enter into this Agreement to set forth the terms and conditions of the Warrants and the rights of the holders thereof.

NOW THEREFORE in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. As used in this Agreement, the following terms shall have the following meanings:

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

Air Canada: Air Canada, a Canadian corporation.

Air Partners: Air Partners, L.P., a Texas limited partnership.

Board of Directors: the Board of Directors of the Company.

Business Day: any day of the week other than a Saturday, Sunday or a day which shall be in New York, New York or in the city in which the principal office of the Warrant Agent is located a day on which banking institutions are authorized or required by law to close.

Class A Common Stock: the Class A Common Stock, par value $.01 per share, of the Company.

Class A Warrants: the Class A Common Stock Purchase Warrants of the Company issued pursuant to this Agreement, the Plan and the Investment Agreement, and all warrants issued in substitution therefor (consisting initially of Class A Common Stock Purchase Warrants to purchase up to an aggregate of 1,964,534 shares of Class A Common Stock at an initial exercise price of $15.00 per share, and Class A Common Stock Purchase Warrants to purchase up to an aggregate of 923,080 shares of Class A Common Stock at an initial exercise price of $30.00 per share).

Class B Common Stock: the Class B Common Stock, par value $.01 per share, of the Company.

Class B Warrants: the Class B Common Stock Purchase Warrants of the Company issued pursuant to this Agreement, the Plan and the Investment Agreement, and all warrants issued in substitution therefor (consisting initially of Class B Common Stock Purchase Warrants to purchase up to an aggregate of 5,448,800 shares of Class B Common Stock at an initial exercise price of $15.00 per share, and Class B Common Stock Purchase Warrants to purchase up to an aggregate of 2,783,587 shares of Class B Common Stock at an

initial exercise price of $30.00 per share).

Class C Common Stock: the Class C Common Stock, par value $.01 per share, of the Company.

Class D Common Stock: the Class D Common Stock, par value $.01 per share, of the Company.

Common Stock: Class A Common Stock, Class B Common Stock, Class C Common Stock and Class D Common Stock and all other stock of any class or classes (however designated) of the Company the holders of which have the right, without limitation as to amount, either to all or to a share of the balance of current dividends and liquidating dividends after the payment of dividends and distributions on any shares entitled to preference.

Company: Continental Airlines, Inc., a Delaware corporation.

Distribution Date: the date of the closing of the transactions contemplated by the Investment Agreement.

Expiration Date: April 27, 1998.

Foreign Ownership Restrictions: applicable law, regulations and interpretive restrictions relating to foreign ownership or control of U.S. air carriers.

Initial Purchaser: Air Partners or Air Canada.

Person: any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Restricted Securities: the meaning specified in Section 2.04.

Series B Notes: the Company's $150,000,000 aggregate face amount of Notes issued pursuant to the Series B Note Agreements.

Series B Note Agreements: the two Loan Agreements, each dated as of April 27, 1993, between the Company and ASATT Corp., as the same may be amended, modified or supplemented from time to time.

Stockholders Agreement: the Subscription and Stockholders Agreement, dated as of April 27, 1993, among the Company, Air Partners and Air Canada.

Subsidiary: a corporation, association or other business entity in which the Company or one or more Subsidiaries owns sufficient voting securities to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or persons performing similar functions) of such business entity.

Warrant Agent: means the Company or its successors appointed pursuant to Section 6.02.

Warrant Agent's Office: means, for so long as the Company shall be the Warrant Agent, the principal business address of the Company as specified in Section 7.03, and thereafter, the office or agency maintained by the Warrant Agent in the Borough of Manhattan, New York, New York or the principal office of the Warrant Agent.

Warrant Certificates: the meaning specified in Section 2.01.

Warrant Price: the meaning specified in Section 3.01.

Warrants: the Class A Warrants and Class B Warrants and all warrants issued in substitution therefor.

ARTICLE II

ISSUANCE, EXECUTION AND TRANSFER OF WARRANT CERTIFICATES

SECTION 2.01. Form of Warrant Certificates. The Warrants shall be evidenced by certificates in temporary or definitive fully registered form (the "Warrant Certificates") substantially in the form of Exhibit A hereto, and designated as Class A Warrants or Class B Warrants, as the case may be, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any securities exchange, or to conform to usage, or as may, consistently herewith, be determined by the officers of the Company

executing such Warrant Certificates as evidenced by their execution of the Warrant Certificates. Each Warrant shall evidence the right, subject to the provisions of this Agreement and of the Warrant Certificate, to purchase one share of Class A Common Stock or Class B Common Stock, as the case may be, subject to adjustment pursuant to the provisions of Article IV.

SECTION 2.02. Execution of Warrant Certificates. Each Warrant Certificate, whenever issued, shall be dated as of the date of countersignature thereof by the Warrant Agent either upon initial issuance or upon exchange, substitution or transfer, shall be signed manually by, or bear the facsimile signature of, the Chairman of the Board, the Chief Executive Officer, the President or a Vice President of the Company, shall have the Company's seal or a facsimile thereof affixed or imprinted thereon and shall be attested by the manual or facsimile signature of the Secretary or an Assistant Secretary of the Company. In case any officer of the Company whose manual or facsimile signature has been placed upon any Warrant Certificate shall have ceased to be such before such Warrant Certificate is issued, it may be issued with the same effect as if such officer had not ceased to be such at the date of issuance. Warrant Certificates shall be countersigned manually by the Warrant Agent and shall not be valid for any purpose unless so countersigned. Warrant Certificates may be countersigned by the Warrant Agent, with the same effect, notwithstanding that any persons whose manual or facsimile signatures appear thereon as proper officers of the Company shall have ceased to be such officers at the time of such countersignature, issuance or delivery. Any Warrant Certificate may be signed on behalf of the Company by any person who, at the actual date of the execution of such Warrant Certificate, shall be a proper officer of the Company to sign such Warrant Certificate, although at the date of the execution of this Agreement any such person was not such an officer.

SECTION 2.03. Issuance, Delivery and Registration of Warrant Certificates. The Warrant Agent shall, and the Company shall cause the Warrant Agent to, countersign, issue and deliver:

(a) to Air Partners, on the Distribution Date, Warrant Certificates representing Class A Warrants entitling Air Partners to purchase an aggregate of 1,149,067 shares of Class A Common Stock at an initial purchase price of $15.00 per share and an aggregate of 370,667 shares of Class A Common Stock at an initial purchase price of $30.00 per share, and Class B Warrants entitling Air Partners to purchase an aggregate of 2,557,600 shares of Class B Common Stock at an initial purchase price of $15.00 per share and an aggregate of 825,032 shares of Class B Common Stock at an initial purchase price of $30.00 per share, in each case subject to adjustment pursuant to Article IV hereof; and

(b) to Air Canada, on the Distribution Date, Warrant Certificates representing Class A Warrants entitling Air Canada to purchase an aggregate of 815,467 shares of Class A Common Stock at an initial purchase price of $15.00 per share and an aggregate of 552,413 shares of Class A Common Stock at an initial purchase price of $30.00 per share, and Class B Warrants entitling Air Canada to purchase an aggregate of 2,891,200 shares of Class B Common Stock at an initial purchase price of $15.00 per share and an aggregate of 1,958,555 shares of Class B Common Stock at an initial purchase price of $30.00 per share, in each case subject to adjustment pursuant to Article IV hereof

and shall countersign and deliver Warrant Certificates upon exchange, transfer or substitution for one or more previously countersigned Warrant Certificates as hereinafter provided. The Warrant Agent shall maintain books (the "Warrant Register") for the registration of transfer and registration of Warrant Certificates (including, without limitation, registration of the Warrant Certificates described above) after the Distribution Date.

SECTION 2.04. Transfer and Exchange of Warrant Certificates. (a) Anything herein to the contrary notwithstanding, neither any Warrant nor the Common Stock underlying any Warrant may be sold, assigned or otherwise transferred to any Person unless such transfer is made pursuant to an effective registration statement or otherwise in accordance with the requirements of the Securities Act of 1933, as amended, and applicable state securities laws. Until the Restricted Securities (as defined below), cease to be Restricted Securities, certificates evidencing Restricted Securities will bear the following legend or similar legend;

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE RULES AND REGULATIONS THEREUNDER (THE "1933 ACT") OR UNDER THE SECURITIES LAWS OF ANY STATE; AND SUCH SECURITIES MAY NOT BE SOLD OR TRANSFERRED OTHER THAN IN ACCORDANCE WITH THE REGISTRATION REQUIREMENTS OF

THE 1933 ACT OR AN EXEMPTION THEREFROM AND ANY APPLICABLE STATE SECURITIES LAWS.

During such period, the Company may instruct its transfer agent to mark its records to restrict the transfer of Restricted Securities.

For purposes of this Agreement, the term "Restricted Securities" shall mean (a) the Warrants, (b) any shares of Common Stock which have been issued upon exercise of the Warrants and (c) any shares of Common Stock which are at the time issuable upon the exercise of the Warrants. For the purposes of this Agreement, such securities will cease to be Restricted Securities (i) when they have been sold pursuant to an effective registration statement under the Securities Act, (ii) when they are distributed to the public pursuant to Rule 144 (or any similar provision then in force) under the Securities Act, or (iii) when they have been otherwise transferred without registration under the Securities Act pursuant to an exemption from the registration requirements of the Securities Act and the Company has delivered new certificates or other evidence of ownership for them not subject to any stop transfer order or other restriction on transfer and not bearing the legend prescribed by the preceding paragraph.

(b) Subject to paragraph (a) above, the Warrant Agent, from time to time, shall register the transfer in whole or in part of any outstanding Warrant Certificates in the Warrant Register upon surrender at the office or agency maintained in the Borough of Manhattan, New York, New York for such purpose or at the principal office of the Warrant Agent of Warrant Certificates accompanied by a written instrument or instruments of transfer, in form satisfactory to the Company and the Warrant Agent, duly executed by the registered warrantholder or his attorney duly authorized in writing. Upon any such registration of transfer, a new Warrant Certificate shall be countersigned by the Warrant Agent and issued to the transferee and the surrendered Warrant Certificate shall promptly be canceled by the Warrant Agent. Warrant Certificates may be exchanged at the option of the holder thereof, upon surrender, properly endorsed, at the office or agency maintained in the Borough of Manhattan, New York, New York for such purpose or at the principal office of the Warrant Agent, with written instructions, for other Warrant Certificates countersigned by the Warrant Agent representing in the aggregate a like number of Warrants. The Company or the Warrant Agent may require the payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any such exchange or transfer.

ARTICLE III

WARRANT PRICE, EXPIRATION DATE AND EXERCISE OF WARRANTS

SECTION 3.01. Warrant Price; Expiration Date. Each Warrant Certificate shall entitle the registered holder thereof, subject to the provisions thereof and of this Agreement, to purchase from the Company at any time commencing at the opening of business on the day after the Distribution Date and before 5:00 p.m., New York time, on the Expiration Date, one share of Class A Common Stock or Class B Common Stock for each of the Class A Warrants or Class B Warrants, respectively, specified therein, at the price per share set forth by the Company on the Closing Date in accordance with this Agreement on the face of such Warrant Certificate, each subject to adjustment as provided in Article IV hereof, payable in full at the time of purchase. Each Warrant not exercised during the applicable period set forth above shall become void, and all rights thereunder and all rights in respect thereof under this Agreement shall cease at the end of such period. The term "Warrant Price" as used herein refers to the foregoing price per share in effect at any time with respect to a Warrant.

SECTION 3.02. Exercise of Warrants. (a) Commencing at the opening of business on the day after the Distribution Date, Warrants may be exercised by surrendering the Warrant Certificate evidencing such Warrants at the Warrant Agent's Office with the Election to Exercise form set forth on the reverse of the Warrant Certificate duly completed and executed by the registered holder thereof or his attorney duly authorized in writing, and by paying in full to the Warrant Agent for the account of the Company (i) in cash, or (ii) by certified or official bank check, or (iii) with Series B Notes duly endorsed by, or accompanied by appropriate instruments of transfer duly executed by, the registered holder thereof or by his attorney duly authorized in writing, which Series B Notes shall be valued at 100 percent of the principal amount thereof, plus accrued and unpaid interest thereon, or (iv) by any combination of the foregoing, the Warrant Price for each share of Common Stock as to which Warrants are exercised and any applicable taxes, other than taxes that the Company is required to pay hereunder; provided, however, that if the total amount payable in respect of any exercise of Warrants is (x) less than $1,000, a Series B Note may not be surrendered in payment of such amount, or (y) not an integral multiple of $1,000, Series B Notes may only be used to pay any portion of such amount which is $1,000 or an integral multiple of $1,000 and the remainder must be paid in cash or by

certified or official bank check. A registered warrantholder may exercise the full number of Warrants represented by a Warrant Certificate or any number of whole Warrants thereof.

(b) Subject to the provisions of subsection (f) below and Section 4.08 hereof, as soon as practicable after the exercise of any Warrants and payment by the registered warrantholder of the full Warrant Price for the shares as to which such Warrants are then being exercised, the Warrant Agent shall promptly requisition from the transfer agent of the Common Stock and deliver to or upon the order of such registered warrantholder a certificate or certificates for the number of full shares of Class A Common Stock or Class B Common Stock, as the case may be, to which such warrantholder is entitled, registered in such name or names as may be directed by him (if other than to such registered holders, to the extent such transfer is not validly restricted), together with cash or scrip, as provided in Section 3.03 hereof, in respect of any fractional shares, and, if the number of Warrants represented by a Warrant Certificate shall not have been exercised in full, a new Warrant Certificate, countersigned by the Warrant Agent, for the balance of the number of whole Class A Warrants or Class B Warrants, as the case may be, together with cash or scrip, as provided in Section 4.04 hereof, in respect of the balance of any fractional Warrants, represented by the surrendered Warrant Certificate; provided, however, that the Company shall not be required to pay any tax or taxes that may be payable in respect of any transfer in connection with the issue of any Warrant Certificate in a name other than that of the registered holder of the Warrant Certificate surrendered upon the exercise of a Warrant.

(c) A Warrant shall be deemed to have been exercised immediately prior to the close of business on the date of the surrender for exercise of the Warrant Certificate. Each person in whose name any such certificate for shares of Common Stock is issued shall for all purposes be deemed to have become the holder of record of such shares at the close of business on the date on which the Warrant Certificate was duly surrendered to the Warrant Agent and payment of the Warrant Price and any applicable taxes was made to the Warrant Agent for the account of the Company, irrespective of the date of delivery of such certificate, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open (whether before or after the Expiration Date).

(d) Subject to the provision of subsection (f) below and Section 4.08 hereof, if there shall be tendered to the Warrant Agent, in payment or partial payment of the Warrant Price on the exercise of Warrants, in accordance with the provisions of Section 3.02(a)(iii), Series B Notes the principal amount of which shall exceed the total Warrant Price for the number of shares with respect to which such Warrants are then being exercised (or the portion thereof in payment of which the holder of the Warrants tenders such Series B Note), the Warrant Agent, as agent for the holder thereof, shall tender such Series B Note to the Company or its designee for division and, upon receipt from the Company or its designee shall deliver promptly to the registered holder thereof a Series B Note or Series B Notes, registered in such name or names as such holder shall direct (if other than to such registered holder, to the extent such transfer is not validly restricted), the principal amount of which shall be equal to the amount by which the principal amount of the Series B Note originally tendered to the Warrant Agent exceeds the portion thereof to be applied toward the total Warrant Price for the shares with respect to which such Warrants are then being exercised; provided, however, that the Company shall only be required to deliver to the Warrant Agent Series B Notes in denominations of $1,000 or integral multiples thereof.

(e) The Warrant Agent shall promptly notify the Company in writing of any exercise of any Warrant and of the number of shares delivered upon the exercise of such Warrant, shall pay to the Company within 72 hours after receipt by wire transfer or certified or official bank check payable to the order of the Company the amount of money received by it upon the exercise of Warrants (less any amount paid by the Warrant Agent in respect of a fractional share upon such exercise in accordance with Section 3.03 hereof) and shall remit to the Company within 72 hours after receipt all Series B Notes (subject to the provisions of subsection (d) above) that the Warrant Agent shall have received upon the exercise of Warrants. The Warrant Agent shall hold any proceeds collected and not yet paid to the Company in a federally insured escrow account. A detailed accounting statement setting forth the number of Warrants exercised, the amount of funds received upon such exercise and all expenses incurred by the Warrant Agent shall be transmitted to the Company on payment to the Company of the funds so received upon exercise. The Warrant Agent shall render to the Company a complete accounting setting forth the number of Warrants exercised, the identity of the persons exercising such Warrants, the number of shares issued, the amounts distributed to the Company and all other expenses incurred by the Warrant Agent as of the Expiration Date.

(f) The Warrant Agent may deem and treat the person named as the registered holder on the face of any Warrant or any Series B Note as the true and lawful owner thereof for all purposes. If the Warrant Agent is instructed to deliver shares upon the exercise of Warrants, to deliver a Warrant Certificate representing unexercised Warrants or to deliver a Series B Note in accordance with the provisions of subsection (d) above, in any case registered in a name or names other than the name or names in which a Warrant or Series B Note tendered in payment or partial payment of the Warrant Price in connection with such exercise is registered, the Warrant Agent may require such documents, and such evidence of payment of applicable transfer taxes, as it may deem necessary to enable it to carry out the instructions of the bearer.

SECTION 3.03. No Fractional Shares to Be Issued. Notwithstanding anything to the contrary contained in this Agreement, if the number of shares of Common Stock purchasable on the exercise of each Warrant is adjusted pursuant to the provisions of Section 4.02 hereof, the Company shall not be required to issue any fraction of a share of Common Stock or to distribute stock certificates that evidence fractional shares of Common Stock or to issue a Warrant Certificate representing a fractional Warrant upon exercise of any Warrants. If Warrant Certificates evidencing more than one Warrant shall be surrendered for exercise at one time by the same holder, the number of full shares which shall be issuable upon exercise thereof shall be computed on the basis of the aggregate number of Warrants so surrendered. If any fraction of a share of Common Stock would, except for the provisions of this Section 3.03, be issuable on the exercise of any Warrant or Warrants, the Company shall, at its option upon notice to the Warrant Agent given within two (2) Business Days of exercise of any such Warrant or Warrants, either (a) purchase such fraction for an amount in cash equal to the then-current market value of such fraction computed in accordance with Section 4.01(d) hereof (assuming, for the purpose of such computation, that the date of surrender of such Warrants to the Warrant Agent shall be the applicable record date referred to in Section 4.01(d)) or (b) issue scrip of the Company in lieu thereof, rounded up to the nearest one-hundredth of a share. Such scrip shall be non-dividend bearing and non-voting, shall be exchangeable in combination with other similar scrip for the number of full shares of Common Stock represented thereby, shall be issued in such denominations (not less than one-hundredth of a share) and in such form, shall expire after such reasonable time (which shall not be less than six years from the date of issue) and may contain such provisions for sale for the account of the holders of such scrip of shares of Common Stock for which such scrip is exchangeable or the payment to such holders of the market value of such shares, and be subject to such other terms and provisions, if any, as the Board of Directors may from time to time determine. Fractional Warrants shall be treated pursuant to Section 4.04. The warrantholders, by their acceptance of the Warrant Certificates, expressly waive their right to receive any fraction of a share of Common Stock or a stock certificate representing a fraction of a share of Common Stock or Warrant Certificate representing a fractional Warrant upon exercise of any Warrant.

SECTION 3.04. Acquisition of Warrants by the Company; Cancellation of Warrants. The Company shall have the right, except as limited by law or other agreement, to purchase or otherwise acquire Warrants at such times, in such manner and for such consideration as it may deem appropriate. The Warrant Agent shall cancel any Warrant Certificate delivered to it for exercise or redemption, in whole or in part, or delivered to it for transfer, exchange, or substitution, and no Warrant Certificates shall be issued in lieu thereof unless such exercise, redemption, transfer, exchange or substitution is expressly permitted by the provisions of this Agreement and, with respect to Air Partners and Air Canada, the Stockholders Agreement. On request of the Company, the Warrant Agent shall destroy canceled Warrant Certificates held by it and shall deliver its certificates of destruction to the Company. If the Company shall acquire any of the Warrants, such acquisition shall not operate as a redemption or termination of the right represented by such Warrants unless and until the Warrant Certificates evidencing such Warrants are surrendered to the Warrant Agent for cancellation.

SECTION 3.05 Certain Additional Terms of Exercise. (a) No Warrant may be exercised if and to the extent that the ownership by the warrantholder or its specified designee of the shares of Class A Common Stock or Class B Common Stock issuable upon exercise thereof or the issuance of the shares of Class A Common Stock or Class B Common Stock would (i) adversely affect the Company's operating certificates or authorities, (ii) violate Foreign Ownership Restrictions or (iii) violate the terms of the Stockholders Agreement.

(b) To the extent that Air Canada, as a holder of a Class A Warrant, is limited by clause (a)(i) or (ii) above or by Section 5.01 of the Stockholders Agreement in its ability to exercise such Class A Warrant but may hold additional shares of Class B Common Stock without adversely affecting the

Company's operating certificates or authorities or violating Foreign Ownership Restrictions or violating the terms of Section 5.01 of the Stockholders Agreement, Air Canada may exercise such Class A Warrant to purchase up to a number of shares of Class B Common Stock equal to the lesser of (i) the maximum number of shares of Class B Common Stock that Air Canada may hold without (x) adversely affecting the Company's operating certificates or authorities, (y) violating Foreign Ownership Restrictions or (z) violating the terms or Section 5.01 of the Stockholders Agreement and (ii) the number of shares of Class A Common Stock that Air Canada would otherwise have been entitled to receive upon exercise of such Warrant; provided, however, that such number shall in no event exceed nine (9) shares of Class B Common Stock.

(c) Air Partners shall be entitled to exercise a Class A Warrant to purchase additional Class B Common Stock:

(i) to the extent that Air Partners is limited by Section 5.01 of the Stockholders Agreement from exercising a Class A Warrant but may hold additional shares of Class B Common Stock without violating the terms of such Section it may exercise such Class A Warrant into such number of shares of Class B Common Stock equal to the lesser of (x) the number of shares of Class A Common Stock that Air Partners would otherwise have been entitled to receive upon exercise of such Warrant and (y) the number of shares of Class B Common Stock that Air Partners may own without violating the terms of Section 5.01 of the Stockholders Agreement; provided, however, that such number shall in no event exceed nine (9) shares of Class B Common Stock; or

(ii) under the circumstances set forth in Section 5.02 of the Stockholders Agreement.

ARTICLE IV

ADJUSTMENT OF WARRANT PRICE, SHARES OF COMMON STOCK PURCHASABLE AND NUMBER OF WARRANTS

SECTION 4.01. Adjustment of Warrant Price. The Warrant Price specified in Section 3.01 shall be subject to adjustment from time to time as follows:

(a) If the Company after the date hereof shall (i) pay a dividend or make a distribution to all holders of Common Stock or any class thereof in shares of Common Stock or any class thereof, (ii) subdivide the outstanding shares of Common Stock or any class thereof, or (iii) combine the outstanding shares of Common Stock or any class thereof into a smaller number of shares, then in any such case the Warrant Price in effect immediately prior thereto shall be adjusted to a price obtained by multiplying such Warrant Price by a fraction of which the numerator shall be the number of shares of Common Stock outstanding prior to such action and the denominator shall be the number of shares of Common Stock outstanding after giving effect to such action. An adjustment made pursuant to clause (i) of this subsection (a) shall become effective retroactively immediately after the record date for such dividend or distribution, and an adjustment made pursuant to clause (ii) or (iii) of this subsection (a) shall become effective immediately after the effective date of such subdivision or combination.

(b) In case the Company after the date hereof shall issue rights or warrants to all holders of Common Stock or any class thereof entitling them (for a period expiring within 45 days after the record date mentioned below) to subscribe for or purchase shares of such Common Stock or any class thereof at a price per share less than the then-current market price per share (as determined pursuant to subsection (d) below) on the record date (or, if applicable, the ex-distribution date) mentioned below, the Warrant Price in effect immediately prior thereto shall be adjusted to a price obtained by multiplying such Warrant Price by a fraction of which (i) the numerator shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares of Common Stock of the class subject to such rights or warrants which the aggregate offering price of the total number of shares so to be offered would purchase at the current market price of the Common Stock subject to such rights or warrants, and (ii) the denominator shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock, or the applicable class thereof, to be offered for subscription or purchase; provided, however, that no adjustment shall be made if the Company issues or distributes to each holder of Warrants the rights or warrants which each holder of Warrants would have been entitled to receive had such Warrants been exercised prior to the record date mentioned below. Any such adjustments shall be made whenever such rights or warrants are issued and shall become effective retroactively immediately after the record date for the determination of stockholders entitled to receive such rights or warrants.

(c) In case the Company after the date hereof shall distribute to all holders of Common Stock or any class thereof evidences of its indebtedness or assets (excluding any cash dividend or distribution) or rights to subscribe (excluding those referred to in subsection (b) above) or shares of capital stock of any class other than the Common Stock, in each such case the Warrant Price in effect immediately prior thereto shall be adjusted to a price obtained by multiplying such Warrant Price by a fraction of which (i) the numerator shall be the sum of the amount, for each class of Common Stock then outstanding, of the then-current market price per share (determined as provided in subsection (d) below) of the Common Stock of such class, multiplied by the number of outstanding shares of such class, in each case on the record date (or, if applicable, the ex-distribution date) mentioned below less the then-current fair market value (as determined by the Board of Directors in its reasonable judgement whose determination shall be conclusive, and described in a statement filed with the Warrant Agent) of the assets or evidences of indebtedness so distributed or of such subscription rights or of such shares of capital stock of any class other than Common Stock, and (ii) the denominator shall be the sum of the amount, for each class of Common Stock then outstanding, of the then-current market price per share of the Common Stock of such class, multiplied by the number of outstanding shares of such class, in each case on the record date (or, if applicable, the ex-distribution date) mentioned below; provided, however, that no adjustment shall be made (1) if the Company issues or distributes to each holder of Warrants the subscription rights referred to above in this subsection (c) that each holder of Warrants would have been entitled to receive had the Warrants been exercised prior to the record date mentioned below, or (2) if the Company grants to each holder of Warrants the right to receive, upon the exercise thereof at any time after the distribution of the evidences of indebtedness or assets or shares of capital stock of any class other than the Common Stock referred to above in this subsection (c), the evidences of indebtedness or assets or shares of capital stock of any class other than the Common Stock that such holder would have been entitled to receive had the Warrants been exercised prior to the record date mentioned below. The Company shall provide the Warrant Agent, upon receipt of a written request therefor, with any indenture or other instrument defining the rights of the holders of any indebtedness, assets, subscription rights or capital stock referred to in this Section 4.01(c). Any such adjustment shall be made whenever any such distribution is made and shall become effective retroactively immediately after the record date for the determination of stockholders entitled to receive such distribution.

(d) For the purpose of any computation under subsection (b) or (c) above, the current market price per share of any class of Common Stock on any date shall be deemed to be the average of the daily mean between the high and low sales prices regular way of the shares of such class of Common Stock on the exchange on which such shares are listed as specified below for the ten consecutive trading days (as defined below) preceding the applicable record date (or, if earlier, the date on which such class of Common Stock commences trading on an ex-distribution basis). If there shall not have been a sale regular way on any such trading day, the mean of the last reported bid and asked quotations regular way on the specified exchange on such day shall be deemed to be the only sale price. The exchange specified for purposes of this Section 4.01(d) shall be the New York Stock Exchange, Inc. if the shares of the applicable class of Common Stock are there listed or, if the shares of the applicable class of Common Stock shall not be listed on such exchange, then that national securities exchange on which the applicable class of Common Stock is listed having the largest volume of trading in the applicable class of Common Stock during the calendar year next preceding such computation. If the shares of the applicable class of Common Stock shall not be listed on any such exchange on all such ten trading days, the average of the closing high bid and low asked prices for the applicable class of Common Stock in the over-the-counter market on each trading day on which such shares are not so listed as reported by the National Association of Securities Dealers Automatic Quotation System or, if not so reported, then as reported by the National Quotation Bureau Incorporated, or if such organization is not in existence, by an organization providing similar services (as determined by the Board of Directors of the Company), shall be deemed to be the only sale price on such trading day. If the shares of the applicable class of Common Stock shall not be so reported on any of such trading days, then the current market price per share of such shares of Common Stock shall be the fair market value thereof as determined in the reasonable judgement of the Board of Directors. For the purpose of this Section 4.01(d), "trading day" shall mean a day on which the securities exchange specified for purposes of this Section 4.01(d) shall be open for business or, if the shares of the applicable class of Common Stock shall not be listed on such exchange for such period, a day with respect to which quotations of the character referred to in the next preceding sentence shall be reported.

(e) In any case in which this Section 4.01 shall require that an adjustment be made retroactively immediately following a record date, the

Company may elect to defer (but only until five Business Days following the filing by the Company with the Warrant Agent of a certificate signed by the Chairman of the Board, Chief Executive Officer, the President or any Vice President of the Company (an "Officers' Certificate") or a certificate of a firm of independent public accountants as required in subsection (g) of this Section 4.01) issuing to the holder of any Warrant exercised after such record date the shares of Common Stock and any other capital stock of the Company issuable upon such exercise in excess of the shares of Common Stock and any other capital stock of the Company issuable upon such exercise prior to such adjustment.

(f) No adjustment shall be required unless such adjustment would require an increase or decrease of at least $0.05 in the Warrant Price then subject to adjustment; provided, however, that any adjustments that are not made by reason of this subsection (f) shall be carried forward and taken into account in any subsequent adjustment. In case the Company shall at any time issue Common Stock or any class thereof by way of dividend on any stock of the Company or subdivide or combine the outstanding shares of Common Stock or any class thereof, said amount of $0.05 specified in the preceding sentence (as theretofore increased or decreased, if said amount shall have been adjusted in accordance with the provisions of this paragraph (f)) shall forthwith be proportionately increased in the case of such a combination or decreased in the case of such a subdivision or stock dividend so as appropriately to reflect the same. All calculations under this Section 4.01 shall be made to the nearest cent.

(g) Whenever an adjustment in the Warrant Price is made as required or permitted by the provisions of this Section 4.01, the Company shall promptly file with the Warrant Agent (i) an Officers' Certificate in the case of an adjustment pursuant to subsection (a) or (i) of this Section 4.01, or (ii) a certificate of a firm of independent public accountants in the case of any other adjustment pursuant to this Section 4.01, in each case (A) setting forth the adjusted Warrant Price as provided in this Section 4.01 and setting forth a brief statement of the facts requiring such adjustment and the computation thereof, and (B) setting forth the number of shares of Common Stock (or portions thereof) purchasable upon exercise of a Warrant after such adjustment in the Warrant Price in accordance with Section 4.02 hereof or the number of Warrants outstanding in accordance with Section 4.03 hereof after such adjustment in the Warrant Price and the record date therefor, which Officers' Certificate or certificate of a firm of independent public accountants, as the case may be, shall be conclusive evidence of the correctness of any such adjustment, and promptly after such filing shall mail or cause to be mailed a notice of such adjustment to each warrantholder at his last address as the same appears on the Warrant Register. The Warrant Agent shall be under no duty or responsibility with respect to any such certificate except to exhibit the same to any holder of Warrants desiring inspection thereof.

(h) In case:

the Company shall declare a dividend (or any other distribution) on shares of Common Stock or any class thereof payable from sources other than its retained earnings (as such term is used in generally accepted accounting principles); or

the Company shall authorize the granting to the holders of shares of Common Stock or any class thereof of rights to subscribe for or purchase any shares of capital stock of any class or of any other right; or

of any reclassification of shares of Common Stock or any class thereof (other than a subdivision or combination of outstanding shares of Common Stock or any class thereof), or of any consolidation or merger to which the Company is a party and for which approval of any stockholders of the Company is required, or of the sale or transfer of all or substantially all of the assets of the Company; or

of the voluntary or involuntary dissolution, liquidation or winding up of the Company;

then the Company shall cause to be filed with the Warrant Agent, and shall cause to be mailed to the holders of the Warrants, at their last addresses as they shall appear upon the Warrant Register, at least 10 days prior to the applicable record date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights, or, if a record is not to be taken, the date as of which the holders of Common Stock (or any class thereof) of record to be entitled to such dividend, distribution or rights are to be determined, or (y) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up is expected to become effective, and, if applicable, the date as of which it is expected that holders of Common Stock (or any class thereof) of record shall be entitled to exchange their shares of Common Stock for securities or other property (including cash)

deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up. Failure to give any such notice, or any defect therein, shall not affect the validity of the proceedings referred to in clauses (1), (2), (3) and (4) above.

(i) Anything in this Section 4.01 to the contrary notwithstanding, the Company shall be entitled, but not required, to make such reductions in the Warrant Price, in addition to those required by this Section 4.01, as it in its discretion shall determine to be advisable, including, without limitation, in order that any dividend in or distribution of shares of Common Stock (or any class thereof) or shares of capital stock of any class other than Common Stock, subdivision, reclassification or combination of shares of Common Stock, issuance of rights or warrants, or any other transaction having a similar effect, shall not be treated as a distribution of property by the Company to its stockholders under Section 305 of the Internal Revenue Code of 1986, as amended or any successor provision and shall not be taxable to them.

(j) Anything to the contrary herein notwithstanding, no adjustment to the Warrant Price or the number of shares of Common Stock purchasable upon exercise of a Warrant (or the number of Warrants) shall be made as a result of, or in connection with, the issuance of (i) options or rights to purchase Common Stock issued to employees of the Company or its Subsidiaries pursuant to a stock option or other similar plan adopted by the Board of Directors, or the modification, renewal or extension of any such plan if approved by the Board of Directors, (ii) shares of Common Stock or other securities issued by the Company pursuant to and in accordance with the Plan, the Investment Agreement or the Related Agreements (as defined in the Investment Agreement), or (iii) upon conversion of shares of any class of Common Stock into shares of any other class of Common Stock pursuant to and in accordance with the provisions of the Certificate of Incorporation of the Company as in effect from time to time.

SECTION 4.02. Adjustment of Shares of Common Stock Purchasable Upon Exercise of Warrants. Unless the Company shall have exercised its election as provided in Section 4.03 hereof, upon each adjustment of the Warrant Price pursuant to Section 4.01 hereof the number of shares of Common Stock purchasable upon exercise of a Warrant outstanding prior to the effectiveness of such adjustment shall be adjusted to the number of shares of Common Stock, calculated to the nearest one-hundredth of a share, obtained by (i) multiplying the number of shares of Common Stock purchasable immediately prior to such adjustment upon the exercise of a Warrant by the Warrant Price in effect prior to such adjustment, and (ii) dividing the product so obtained by the Warrant Price in effect after such adjustment of the Warrant Price.

SECTION 4.03. Election to Adjust Warrants instead of Shares Per Warrant. The Company may elect on or after the date of any adjustment of the Warrant Price pursuant to Section 4.01 hereof to adjust the number of Warrants outstanding in substitution for any adjustment in the number of shares of Common Stock purchasable upon the exercise of a Warrant as provided in Section 4.02 hereof. Each of the Warrants outstanding after such adjustment of the number of Warrants shall be exercisable for one share of Class A Common Stock or Class B Common Stock, as the case may be. Each Warrant held of record prior to such adjustment of the number of Warrants shall become that number of Warrants (calculated to the nearest hundredth) obtained by (i) multiplying the number of Warrants held of record prior to adjustment of the number of Warrants by the Warrant Price in effect prior to adjustment of the Warrant Price, and (ii) dividing the product so obtained by the Warrant Price in effect after adjustment of the Warrant Price. The Company shall make a public announcement of its election to adjust the number of Warrants, 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 Warrant Price is adjusted or any day thereafter, but shall not be less than 10 or more than 30 days later than the date of public announcement. Upon each adjustment of the number of Warrants pursuant to this Section 4.03, the Company shall cause the Warrant Agent, as promptly as practicable, to distribute to holders of record of the Warrant Certificates on such record date either (i) Warrant Certificates evidencing any additional Warrants to which such holders shall be entitled as a result of such adjustment, or (ii) in substitution and replacement for the Warrant Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Warrant Certificates evidencing all the Warrants to which such holders shall be entitled after such adjustment. Warrant Certificates to be so distributed shall be issued, executed and countersigned in the manner specified in this Agreement (but may bear, at the option of the Company, the adjusted Warrant Price), shall represent the same class of Warrants as was represented by the Warrant Certificate so surrendered and shall be registered in the names of the holders of record of the Warrant Certificates on the record date specified in the public announcement.

For the purposes of this Section 4.03, "public announcement"

shall mean publication at least once in a newspaper printed in the English language and customarily published at least once a day for at least five days in each calendar week and of general circulation in the Borough of Manhattan, New York, New York.

SECTION 4.04. No Fractional Warrants to Be Issued. Notwithstanding anything to the contrary contained in this Agreement, the Company shall not be required to issue fractions of Warrants on any distribution of Warrants to warrantholders pursuant to Section 4.03 hereof or otherwise or to distribute Warrant Certificates that evidence fractional Warrants. If any fraction of a Warrant would, except for the provisions of this Section 4.04, be issuable upon an adjustment of the Warrant Price and distribution of Warrants pursuant to Section 4.03 hereof or otherwise, the Company shall, at its option, either (a) purchase such fraction for an amount in cash equal to the then-current market value of such fraction computed in accordance with Section 4.01(d) hereof (with respect to the current market price of the Warrant rather than the per share current market price of the Common Stock and assuming, for the purpose of such computation, that the effective date of such adjustment of the Warrant Price, or such other relevant date, shall be the applicable record date referred to in Section 4.01(d)) or (b) issue scrip of the Company in lieu thereof, rounded up to the nearest one-hundredth of a Warrant. Such scrip shall be exchangeable in combination with other similar scrip for the number of full Warrants represented thereby, shall be issued in such denominations (not less than one-hundredth of a Warrant) and in such form, shall expire after such reasonable time (which shall not be less than six years from the date of issue) and may contain such provisions for sale for the account of the holders of such scrip of the Warrants for which such scrip is exchangeable or the payment to such holders of the market value of such Warrants, and be subject to such other terms and provisions, if any, as the Board of Directors may from time to time determine. The warrantholders, by their acceptance of the Warrant Certificates, expressly waive their right to receive any fraction of a Warrant or a Warrant Certificate representing a fraction of a Warrant upon the adjustment thereof in accordance with this Article IV or otherwise.

SECTION 4.05. Rights Upon Consolidation, Merger, Sale, Transfer or Reclassification. (a) In case of any consolidation with or merger of the Company into another corporation (other than a merger or consolidation in which the Company is the continuing corporation), or in case of any lease, sale or conveyance to another corporation of the property of the Company as an entirety or substantially as an entirety, such successor, leasing or purchasing corporation, as the case may be, shall execute with the Warrant Agent a supplemental agreement (1) providing that the holder of each Warrant then outstanding shall have the right thereafter (until the Expiration Date) to receive, upon exercise thereof, in lieu of each share of Class A Common Stock or Class B Common Stock, as the case may be, deliverable upon such exercise immediately prior to such event, only the kind and amount of shares and/or other securities and/or property and/or cash receivable upon such consolidation, merger, lease, sale or conveyance by a holder of one share of the applicable class of Common Stock, and (2) setting forth the Warrant Price for the shares and/or other securities and/or property and/or cash so issuable, which shall be an amount equal to the Warrant Price per share of Common Stock immediately prior to such event.

(b) In case of any liquidation, dissolution or winding up of the affairs of the Company, the Company shall make prompt, proportionate, equitable, lawful and adequate provision as part of the terms of such dissolution, liquidation or winding up such that the holder of a Warrant may thereafter receive, on exercise of such Warrant, in lieu of each share of Common Stock of the Company which such holder would have been entitled to receive upon exercise of such Warrant, the same kind and amount of any stock, securities or assets as may be issuable, distributable or payable on any such dissolution, liquidation or winding up with respect to each share of Common Stock of the Company; provided, however, that in the event of any such dissolution, liquidation or winding up, the right to exercise the Warrants shall terminate on a date fixed by the Company, such date to be not earlier than the 90th day next succeeding the date on which notice of such termination of the right to exercise the Warrants has been given by mail to the holders thereof in accordance with Section 4.01(h).

(c) In case of any reclassification or change of the shares of Common Stock issuable upon exercise of the Warrants (other than a change in par value, or from par value to no par value, or as a result of a subdivision or combination) or in case of any consolidation or merger of another corporation into the Company in which the Company is the continuing corporation and in which the holders of the shares of Common Stock thereafter receive shares and/or other securities and/or property and/or cash for such shares of Common Stock (including for this purpose shares reflecting a change in par value or from par value to no par value or as a result of a subdivision or combination of the shares of Common Stock), the Company shall execute with the Warrant Agent a supplemental agreement (1) providing that the holder of

each Warrant then outstanding shall have the right thereafter (until the expiration of the exercise right of the Warrant) to receive, upon exercise thereof, in lieu of each share of Class A Common Stock or Class B Common Stock, as the case may be, deliverable upon such exercise immediately prior to such event, only the kind and amount of shares and/or other securities and/or property and/or cash receivable upon such reclassification, change, consolidation or merger by a holder of one share of the applicable class of Common Stock, and (2) setting forth the Warrant Price for the shares and/or other securities and/or property and/or cash so issuable, which shall be an amount equal to the Warrant Price per share of Common Stock immediately prior to such event. If, as a result of this subsection (c), the holder of any Warrant thereafter surrendered for exercise shall become entitled to receive shares of two or more classes of capital stock of the Company, the Board of Directors (whose determination shall be conclusive and shall be described in a statement filed with the Warrant Agent) shall determine the allocation of the Warrant Price between or among shares of such classes of capital stock.

(d) Any supplemental agreement entered into pursuant to this Section 4.05 shall (1) where appropriate, state the Warrant Price in terms of one full share of Common Stock of the Company or one full share of the common stock of any successor, leasing or purchasing corporation and (2) provide for adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article IV.

(e) The above provisions of this Section 4.05 shall similarly apply to successive reclassifications and changes of shares of Common Stock and to successive consolidations, mergers, leases, sales or conveyances.

(f) Notice of the execution of any such supplemental agreement shall be mailed by the Company to registered holders of Warrants as soon as practicable after the execution of such supplemental agreement.

(g) In the event that at any time as a result of the provisions of this Section 4.05, the holder of any Warrant thereafter surrendered for exercise shall become entitled to receive any shares or other securities other than shares of Class A Common Stock or Class B Common Stock, as the case may be, thereafter the price or prices of such other shares or other securities so receivable upon exercise of any Warrant shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to Common Stock contained in Article IV hereof, and the provisions of Article III hereof with respect to the Common Stock shall apply on like terms to any such other shares or other securities.

SECTION 4.06. Covenant to Reserve Shares for Issuance on Exercise. The Company covenants that it will at all times reserve and keep available out of its authorized Common Stock, solely for the purpose of issue upon exercise of Warrants and exchange of scrip as herein provided, the full number of shares of Common Stock, if any, then issuable if all outstanding Warrants then exercisable were to be exercised. The Company covenants that all shares of Common Stock which shall be so issuable shall be duly and validly issued and fully paid and non-assessable.

The Company hereby authorizes and directs its current and future transfer agents for the Common Stock and for any shares of the Company's capital stock issuable upon the exercise of any of the Warrants at all times to reserve such number of authorized shares as shall be requisite for such purpose. The Warrant Agent is hereby authorized to requisition from time to time from any such transfer agents stock certificates required to honor outstanding Warrants upon exercise thereof in accordance with the terms of this Agreement, and the Company hereby authorizes and directs such transfer agents to comply with all such requests of the Warrant Agent. The Company will supply such transfer agents with duly executed stock certificates for such purposes and will provide or otherwise make available any cash or scrip which may be payable as provided in this Article IV. Promptly after the Expiration Date, the Warrant Agent shall certify to the Company the aggregate number of Warrants then outstanding, and thereafter no shares shall be reserved in respect of such Warrants.

SECTION 4.07. Condition Precedent to Reduction of Warrant Price Below Par Value of Shares of Common Stock; Compliance with Governmental Requirements; Suspension of Exercise of Warrants. Before taking any action that would cause an adjustment reducing the Warrant Price to be adjusted below the then par value of any of the shares of Common Stock issuable upon exercise of the Warrants, the Company will take any corporate action that may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and non-assessable shares of such Common Stock at such adjusted Warrant Price.

The Company covenants that if any shares of Common Stock required to be reserved for purposes of exercise of Warrants or exchange of

scrip require, under any Federal or state law or rule or regulation of any national securities exchange, registration with or approval of any governmental authority, or listing on any national securities exchange before such shares may be issued upon exercise, the Company will in good faith and as expeditiously as possible endeavor to cause such shares to be duly registered, approved or listed on the relevant national securities exchange, as the case may be; provided, however, that in no event shall such shares of Common Stock be issued, and the Company is hereby authorized to suspend the exercise of all Warrants, for the period during which such registration, approval or listing is required but not in effect.

SECTION 4.08. Payment of Taxes on Stock Certificates Issued upon Exercise. The initial issuance of certificates of Common Stock upon the exercise of Warrants shall be made without charge to the exercising warrantholders for any transfer, stamp or similar tax in respect of the issuance of such stock certificates, and such stock certificates shall be issued in the respective names of, or in such names as may be directed by, the registered holders of the Warrants exercised; provided, however, that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such stock certificate, any Warrant Certificates or other securities in a name other than that of the registered holder of the Warrant Certificate surrendered upon exercise of the Warrant, and the Company shall not be required to issue or deliver such certificates or other securities unless and until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

SECTION 4.09. Warrant Agent Not Responsible for Adjustments or Validity of Stock. The Warrant Agent shall not at any time be under any duty or responsibility to any warrantholder to determine whether any facts exist that may require an adjustment of the Warrant Price, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental agreement provided to be employed, in making the same. The Warrant Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock or of any securities or property or scrip which may at any time be issued or delivered upon the exercise of any Warrant or upon any adjustment pursuant to Article IV, and it makes no representation with respect thereto. The Warrant Agent shall not be responsible for any failure of the Company to make any cash payment or to issue, transfer or deliver any shares of Common Stock or stock certificates or other securities or property upon the surrender of any Warrant for the purpose of exercise or upon any adjustment pursuant to Article IV, or to comply with any of the covenants of the Company contained in this Article IV.

SECTION 4.10. Statements on Warrants. The form of Warrant Certificate need not be changed because of any adjustment made pursuant to this Article IV, and Warrant Certificates issued after such adjustment may state the same Warrant Price and the same number of shares of Common Stock as are stated in the Warrant Certificates initially issued pursuant to this Agreement. The Company, however, may at any time in its sole discretion (which shall be conclusive) make any change in the form of Warrant Certificate that it may deem appropriate and that does not affect the substance thereof; and any Warrant Certificate thereafter issued or countersigned, whether in exchange or substitution for an outstanding Warrant Certificate or otherwise, may be in the form as so changed.

ARTICLE V

OTHER PROVISIONS RELATING TO RIGHTS OF HOLDERS OF WARRANTS

SECTION 5.01. No Rights as Stockholders. Nothing contained in this Agreement or in any Warrant Certificate shall be construed as conferring on the holder of any Warrant or his transferee any rights whatsoever as a stockholder of the Company, either at law or equity including but not limited to, the right to vote at, or to receive notice of, any meeting of stockholders of the Company; nor shall the consent of any such holder be required with respect to any action or proceeding of the Company; nor shall any such holder, by reason of the ownership or possession of a Warrant or the Warrant Certificate representing the same, either at, before or after exercising such Warrant, have any right to receive any cash dividends, stock dividends, allotments or rights, or other distributions (except as specifically provided herein), paid, allotted or distributed or distributable to the stockholders of the Company prior to the date of the exercise of such Warrant, nor shall such holder have any right not expressly conferred by this Agreement or the Warrant Certificate that he holds.

SECTION 5.02. Mutilated or Missing Warrant Certificates. If any Warrant Certificate is lost, stolen, mutilated or destroyed, the Company

may in its discretion issue and the Warrant Agent may countersign, in exchange and substitution for and upon cancellation of the mutilated Warrant Certificate, or in lieu of and substitution for the Warrant Certificate lost, stolen or destroyed, upon receipt of a proper affidavit or other evidence satisfactory to the Company and the Warrant Agent (and surrender of any mutilated Warrant Certificate) and bond of indemnity in form and amount and with corporate surety satisfactory to the Company and the Warrant Agent in each instance protecting the Company and the Warrant Agent, a new Warrant Certificate of like tenor and representing an equivalent number of Warrants as the Warrant Certificate so lost, stolen, mutilated or destroyed. Any such new Warrant Certificate shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated or destroyed Warrant Certificate shall be at any time enforceable by anyone. An applicant for such a substitute Warrant Certificate shall also comply with such other reasonable regulations and pay such other reasonable charges as the Company or the Warrant Agent may prescribe. All Warrant Certificates shall be held and owned upon the express condition that the foregoing provisions are exclusive, with respect to the replacement of lost, stolen, mutilated or destroyed Warrant Certificates, and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement of negotiable instruments or other securities without their surrender.

SECTION 5.03. Delivery of Prospectuses. If, and to the extent that, the Company may be required by the Securities Act of 1933, as amended, or any other applicable Federal or state law, to furnish a prospectus to warrantholders upon their exercise of Warrants, the Company shall cause to be kept at the office or agency maintained in the Borough of Manhattan, New York, New York, for this purpose or at the principal office of the Warrant Agent, sufficient quantities of such prospectuses for delivery to warrantholders upon their exercise of Warrants, and the Warrant Agent hereby agrees to deliver such prospectuses to such warrantholders together with the shares of Common Stock or other securities receivable by such warrantholders upon their exercise of Warrants.

ARTICLE VI

CONCERNING THE WARRANT AGENT

SECTION 6.01. Payment of Certain Taxes. The Company will from time to time promptly pay all transfer, stamp or similar taxes that may be imposed upon the Company in respect of the initial issuance or delivery of shares of Common Stock upon the exercise of Warrants, but the Company shall not be obligated to pay any transfer taxes in respect of any transfer of the Warrants or such shares effected by any holder thereof.

SECTION 6.02. Change of Warrant Agent. (a) The Warrant Agent, or any successor to it hereafter appointed, may resign its duties and be discharged from all further duties and liabilities hereunder (except liabilities arising as a result of the Warrant Agent's own gross negligence or willful misconduct) after giving 60 days' notice in writing to the Company, except that such shorter notice may be given as the Company shall, in writing, accept as sufficient. At least 15 days prior to the date such resignation is to become effective, the Warrant Agent shall cause a copy of such notice of resignation to be mailed to the registered holder of each Warrant Certificate. If the office of the Warrant Agent becomes vacant by resignation or incapacity to act or otherwise, the Company shall appoint in writing a successor warrant agent in place of the Warrant Agent. If the Company shall fail to make such appointment within a period of 60 days after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated warrant agent or by any holder of Warrants (who shall, with such notice, submit a copy of his Warrant Certificate for inspection by the Company), then the holder of any Warrants may apply to any court of competent jurisdiction for the appointment of a successor warrant agent.

(b) The Warrant Agent may be removed by the Company at any time upon 30 days' written notice to the Warrant Agent; provided, however, that the Company shall not remove the Warrant Agent until a successor warrant agent meeting the qualifications hereof shall have been appointed.

(c) If Air Partners or Air Canada delivers a notice to the Company at any time the Company is the Warrant Agent requesting the replacement of the Warrant Agent, the Company shall promptly appoint as Warrant Agent a Person who meets the qualifications set forth in clause (d) below and who is reasonably acceptable to Air Canada and Air Partners and shall promptly upon such appointment resign.

(d) Any successor warrant agent, whether appointed by the Company or by a court, shall be a corporation organized, in good standing and doing business under the laws of the United States of America or any state

thereof or the District of Columbia, and authorized under such laws to exercise corporate trust powers and subject to supervision or examination by Federal or state authority and having a combined capital and surplus of not less than $10,000,000. The combined capital and surplus of any such successor warrant agent shall be deemed to be the combined capital and surplus as set forth in the most recent report of its condition published prior to its appointment, provided that such reports are published at least annually pursuant to law or to the requirements of a Federal or state supervising or examining authority. After appointment, any successor warrant agent shall be vested with all the authority, powers, rights, immunities, duties and obligations of its predecessor warrant agent with like effect as if originally named as warrant agent hereunder, without any further assurance, conveyance, act or deed; but if for any reason it becomes necessary or appropriate, the predecessor warrant agent shall execute and deliver, at the expense of the Company, an instrument transferring to such successor warrant agent all the authority, powers and rights of such predecessor warrant agent hereunder; and upon request of any successor warrant agent, the Company shall make, execute, acknowledge and deliver any and all instruments in writing to more fully and effectually vest in and conform to such successor warrant agent all such authority, powers, rights, immunities, duties and obligations. Upon assumption by a successor warrant agent of the duties and responsibilities hereunder, the predecessor warrant agent shall deliver and transfer, at the expense of the Company, to the successor warrant agent any property at the time held by it hereunder. As soon as practicable after such appointment, the Company shall give notice thereof to the predecessor warrant agent, the registered holders of the Warrants and each transfer agent for the shares of its Common Stock. Failure to give such notice, or any defect therein, shall not affect the validity of the appointment of the successor warrant agent.

(e) Any corporation into which the Warrant Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Warrant Agent shall be a party, shall be the successor warrant agent under this Agreement without any further act, provided that such corporation is eligible for appointment as a successor to the Warrant Agent. Any such successor warrant agent shall promptly cause notice of its succession as Warrant Agent to be mailed to the Company and to the registered holder of each Warrant Certificate. In case at the time such successor warrant agent shall succeed to the agency created by this Agreement, any of the Warrant Certificates shall have been countersigned but not delivered, any such successor warrant agent may adopt the countersignature of the original warrant agent and deliver such Warrant Certificates so countersigned, and in case at that time any of the Warrant Certificates shall not have been countersigned, any successor to the warrant agent may countersign such Warrant Certificates either in the name of the predecessor warrant agent or in the name of the successor warrant agent; and in all such cases Warrant Certificates shall have the full force provided in the Warrant Certificates and in this Agreement.

(f) In case at any time the name of the Warrant Agent shall be changed and at such time any of the Warrant Certificates shall have been countersigned but not delivered, the Warrant Agent may adopt the countersignatures under its prior name and deliver such Warrant Certificates so countersigned; and in case at that time any of the Warrant Certificates shall not have been counter-signed, the Warrant Agent may countersign such Warrant Certificates either in its prior name or in its changed name; and in all such cases such Warrant Certificates shall have the full force provided in the Warrant Certificates and in this Agreement.

SECTION 6.03. Compensation; Further Assurances. The Company agrees (i) that it will pay the Warrant Agent reasonable compensation for its services as Warrant Agent hereunder and, except as otherwise expressly provided, will pay or reimburse the Warrant Agent upon demand for all reasonable expenses, disbursements and advances incurred or made by the Warrant Agent in accordance with any of the provisions of this Agreement (including the reasonable compensation, expenses and disbursements of its agents and counsel) except any such expense, disbursement or advance as may arise from its or any of their gross negligence, willful misconduct or bad faith; and (ii) 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 Warrant Agent for the carrying out or performing of the provisions of this Agreement.

SECTION 6.04. Reliance on Counsel. The Warrant Agent may consult with legal counsel (who may be legal counsel for the Company), and the written opinion of such counsel or any advice of legal counsel subsequently confirmed by a written opinion of such counsel shall be full and complete authorization and protection to the Warrant Agent as to any action taken or omitted by it in good faith and in accordance with such written opinion or advice.

SECTION 6.05. Proof of Actions Taken. Whenever in the performance of its duties under this Agreement the Warrant Agent shall deem it necessary or desirable that any matter be proved or established by the Company prior to taking or suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Warrant Agent, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Warrant Agent; and such Officers' Certificate shall, in the absence of bad faith on the part of the Warrant Agent be full authority to the Warrant Agent for any action taken, suffered or omitted in good faith by it under the provisions of this Agreement in reliance upon such certificate; but in its discretion the Warrant Agent may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

SECTION 6.06. Correctness of Statements. The Warrant Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the Warrant Certificates (except its counter-signature thereof) or be required to verify the same, and all such statements and recitals are and shall be deemed to have been made by the Company only.

SECTION 6.07. Validity of Agreement. The Warrant Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof or in respect of the validity or execution of any Warrant Certificates (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Warrant Certificate; nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any shares of Common Stock to be issued pursuant to this Agreement or any Warrants or as to whether any shares of Common Stock will, when issued, be validly issued and fully paid and nonassessable.

SECTION 6.08. Use of Agents. The Warrant 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 Warrant Agent shall not be responsible for the misconduct or negligence of any agent or attorney, provided due care had been exercised in the appointment and continued employment thereof.

SECTION 6.09. Liability of Warrant Agent. The Warrant Agent shall incur no liability or responsibility to the Company or to any holder of Warrants for any action taken in reliance on any notice, resolution, waiver, consent, order, certificate, or other paper, document or instrument believed by it to be genuine and to have been signed, sent or presented by the proper party or parties. The Company agrees to indemnify the Warrant Agent and hold it harmless against any and all liabilities, including judgments, costs and reasonable counsel fees, for anything done or omitted in good faith by the Warrant Agent in the execution of this Warrant Agreement, except as a result of the Warrant Agent's gross negligence or willful misconduct or bad faith.

SECTION 6.10. Legal Proceedings. The Warrant Agent shall be under no obligation to institute any action, suit or legal proceeding or to take any other action likely to involve expense unless the Company or one or more holders of Warrants shall furnish the Warrant Agent with reasonable security and indemnity for any costs and expenses which may be incurred, but this provision shall not affect the power of the Warrant Agent to take such action as the Warrant Agent may consider proper, whether with or without any such security or indemnity.

SECTION 6.11. Other Transactions in Securities of the Company. The Warrant Agent in its individual or any other capacity may become the owner of the Warrants 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 Warrant Agent under this Warrant Agreement. Nothing herein shall preclude the Warrant Agent from acting in any other capacity for the Company or for any other legal entity.

SECTION 6.12. Actions as Agent. The Warrant Agent shall act hereunder solely as agent and not in a ministerial capacity, and its duties shall be determined solely by the provisions hereof. The Warrant Agent shall not be liable for anything which it may do or refrain from doing in good faith in connection with this Agreement except for its own gross negligence or willful misconduct or bad faith.

SECTION 6.13. Appointment and Acceptance of Agency. The Company hereby appoints the Warrant Agent to act as agent for the Company in accordance with the instructions set forth in this Agreement, and the Warrant Agent hereby accepts the agency established by this Agreement and agrees to

perform the same upon the terms and conditions herein set forth.

ARTICLE VII
MISCELLANEOUS PROVISIONS

SECTION 7.01. Supplements and Amendments. (a) Notwithstanding the provisions of subsection (b) below, the Warrant Agent may, without the consent or concurrence of the registered holders of the Warrants, enter into one or more supplemental agreements or amendments with the Company for the purpose of evidencing the rights of warrantholders upon consolidation, merger, sale, transfer, reclassification, liquidation or dissolution pursuant to Section 4.05 hereof, making any changes or corrections in this Agreement that are required to cure any ambiguity, to correct or supplement any provision contained herein that may be defective or inconsistent with any other provision herein or any clerical omission or mistake or manifest error herein contained, or making such other provisions in regard to matters or questions arising under this Agreement as shall not adversely affect the interests of the holders of the Warrants or be inconsistent with this Agreement or any supplemental agreement or amendment.

(b) With the consent of the registered holders of at least a majority in number of the Warrants at the time outstanding, the Company and the Warrant Agent may at any time and from time to time by supplemental agreement or amendment add any provisions to or change in any manner or eliminate any of the provisions of this Agreement or of any supplemental agreement or modify in any manner the rights and obligations of the warrantholders and of the Company; provided, however, that no such supplemental agreement or amendment shall, without the consent of the registered holder of each outstanding Warrant affected thereby,

(1) alter the provisions of this Agreement so as to affect adversely the terms upon which the Warrants are exercisable; or

(2) reduce the number of Warrants outstanding the consent of whose holders is required for any such supplemental agreement or amendment.

SECTION 7.02. Successors and Assigns. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Warrant Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

SECTION 7.03. Notices. Any notice or demand authorized by this Agreement to be given or made by the Warrant Agent or by the holder of any Warrant to or on the Company shall be sufficiently given or made if sent by mail first-class, postage prepaid or by facsimile, addressed (until another address is filed in writing by the Company with the Warrant Agent), as follows:

Continental Airlines, Inc.
2929 Allen Parkway
Suite 1466
Houston, Texas 77210-4607
Attention: Executive Vice President-Finance
Facsimile No.: (713) 520-6329

Any notice or demand authorized by this Agreement to be given or made by the holder of any Warrant or by the Company to or on the Warrant Agent shall be sufficiently given or made if sent by mail first-class, postage prepaid or by facsimile, addressed (until another address is filed in writing by the Warrant Agent with the Company), as follows:

Continental Airlines, Inc., as Warrant Agent
2929 Allen Parkway
Suite 1466
Houston, Texas 77210-4607
Attention: General Counsel
Facsimile No.: (713) 834-5161

Any notice of demand authorized by this Agreement to be given or made to the holder of any Warrants shall be sufficiently given or made if sent by first-class mail, postage prepaid to the last address of such holder as it shall appear on the Warrant Register.

SECTION 7.04. Applicable Law. THE VALIDITY, INTERPRETATION AND PERFORMANCE OF THIS AGREEMENT AND OF THE WARRANT CERTIFICATES SHALL BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAWS THEREOF.

SECTION 7.05. Benefits of this Agreement. Nothing in this

Agreement expressed and nothing that may be implied from any of the provisions hereof is intended, or shall be construed, to confer upon, or give to, any Person other than the parties hereto and the holders of the Warrants any right, remedy or claim under or by reason of this Agreement or of any covenant, condition, stipulation, promise or agreement hereof, and all covenants, conditions, stipulations, promises and agreements in this Agreement contained shall be for the sole and exclusive benefit of the parties hereto and their successors and of the holders of the Warrants.

SECTION 7.06. Registered Warrantholders. Prior to due presentment for registration of transfer, the Company and the Warrant Agent may deem and treat the Person in whose name any Warrants are registered in the Warrant Register as the absolute owner thereof for all purposes whatever (notwithstanding any notation of ownership or other writing thereon made by anyone other than the Company or the Warrant Agent) and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary or be bound to recognize any equitable or other claim to or interest in any Warrants on the part of any other Person and shall not be liable for any registration of transfer of Warrants that are registered or to be registered in the name of a fiduciary or the nominee of a fiduciary unless made with actual knowledge that a fiduciary or nominee is committing a breach of trust in requesting such registration of transfer or with such knowledge of such facts that its participation therein amounts to bad faith. The terms "warrantholder" and holder of any "Warrants" and all other similar terms used herein shall mean such person in whose name Warrants are registered in the Warrant Register.

SECTION 7.07. Inspection of Agreement. A copy of this Agreement shall be available at all reasonable times for inspection by any registered warrantholder at the principal office of the Warrant Agent. The Warrant Agent may require any such holder to submit his Warrant Certificate for inspection by it before allowing such holder to inspect a copy of this Agreement.

SECTION 7.08. Headings. The Article and Section headings herein are for convenience only and are not a part of this Agreement and shall not affect the interpretation thereof.

SECTION 7.09. Counterparts. The Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto under their respective seals as of the day and year first above written.

CONTINENTAL AIRLINES, INC.

[CORPORATE SEAL]

By: /S/
CONTINENTAL AIRLINES, INC.
Name:
Title:

Attest: _____
Name:
Title:

CONTINENTAL AIRLINES, INC.,
AS WARRANT AGENT

[CORPORATE SEAL]

By: /S/
CONTINENTAL AIRLINES, INC.
Name:
Title:

Attest: _____
Name:
Title:

EXHIBIT A

[Form of Warrant Certificate]

THE SALE, ASSIGNMENT, TRANSFER OR OTHER DISPOSITION OF THE SECURITIES EVIDENCED BY THIS CERTIFICATE, OR ANY INTEREST IN SUCH SECURITIES, IS RESTRICTED BY THE TERMS OF THE SUBSCRIPTION AND STOCKHOLDERS' AGREEMENT DATED APRIL 27, 1993 AND THE WARRANT AGREEMENT DATED APRIL 27, 1993, COPIES OF WHICH ARE ON FILE AT THE PRINCIPAL OFFICE OF CONTINENTAL AIRLINES, INC.. NO SUCH SALE, ASSIGNMENT, TRANSFER OR OTHER DISPOSITION SHALL BE EFFECTIVE UNLESS AND UNTIL THE TERMS AND CONDITIONS OF THE AFORESAID SUBSCRIPTION AND STOCKHOLDERS' AGREEMENT AND WARRANT AGREEMENT SHALL HAVE BEEN COMPLIED WITH IN FULL.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE RULES AND REGULATIONS THEREUNDER (THE "1933 ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE; AND SUCH SECURITIES MAY NOT BE SOLD OR TRANSFERRED OTHER THAN IN ACCORDANCE WITH THE REGISTRATION REQUIREMENTS OF THE 1933 ACT OR AN EXEMPTION THEREFROM AND ANY APPLICABLE STATE SECURITIES LAWS.

No. W[A][B]- [Class A] [Class B] Warrants

VOID AFTER APRIL 27, 1998

WARRANTS TO PURCHASE [CLASS A COMMON STOCK][CLASS B COMMON STOCK]

OF CONTINENTAL AIRLINES, INC.

CONTINENTAL AIRLINES, INC., a Delaware corporation (hereinafter called the ("Company"), for value received, hereby certifies that

or registered assigns, is the owner of the number of [Class A] [Class B] Warrants set forth above, each of which represents the right, at any time commencing on the day after April 27, 1993, and before 5:00 p.m., New York time, on April 27, 1998 (subject to Section 3.01(b) of the Warrant Agreement hereafter referred to), on which date such Warrants expire, initially to purchase, subject to the terms hereof and of the Warrant Agreement (as hereinafter defined), one share of [Class A] [Class B] Common Stock, par value $0.01 per share, of the Company (hereinafter called the "Class [A] [B] Common Stock" and, together with the Class [A] [B] Common Stock, par value $0.01 per share, of the Company, the "Common Stock") at the price of $[15.00] [30.00] per share (the "Warrant Price"), subject to the terms and conditions hereof and of the Warrant Agreement, each such purchase to be made, and to be deemed effective for the purpose of determining the date of exercise, only upon surrender hereof to the Company at the Warrant Agent Office (which shall initially be the principal office of the Company), with the form of Election to Exercise on the reverse hereof duly completed and signed, and upon payment in full to the Company, acting as the Warrant Agent for the account of the Company of the Warrant Price (i) in cash or (ii) by certified or official bank check or (iii) with the requisite principal amount of Series B Notes (as defined in the Warrant Agreement) valued at 100 percent of the principal amount thereof, plus accrued and unpaid interest thereon (except that if the total amount payable in respect of any exercise of Warrants is (x) less than $1,000, a Series B Note may not be surrendered in payment of such amount, or (y) not an integral multiple of $1,000, Series B Notes may only be used to pay any portion of such amount which is $1,000 or an integral multiple thereof and the remainder shall be paid in cash or by certified or official bank check), or (iv) by any combination of the foregoing, all as provided in the Warrant Agreement and upon compliance with and subject to the conditions set forth herein and in the Warrant Agreement.

The Warrant Price and, at the Company's option, either (y) the number of shares of Common Stock purchasable on the exercise of each Warrant or (2) the number of Warrants outstanding are subject to adjustment in certain events as provided in the Warrant Agreement. In the event the Company elects to adjust the number of Warrants outstanding rather than the number of shares of Common Stock purchasable on the exercise of each Warrant, the Company shall cause the Warrant Agent to distribute to registered holders of Warrant Certificates either Warrant Certificates representing any additional Warrants issuable pursuant to the adjustment or substitute Warrant Certificates to replace all outstanding Warrant Certificates in accordance with the provisions of the Warrant Agreement. The Company shall not be required to issue fractions of Warrants or Warrant Certificates evidencing fractional Warrants upon any such adjustment or otherwise, but the Company shall make adjustment in cash or

scrip for any fraction of a Warrant which the registered holder of Warrants would have been entitled to receive upon such adjustment or otherwise on the basis of the then-current market value of such fraction of a Warrant (computed as provided in the Warrant Agreement).

This Warrant Certificate is issued under and in accordance with the Warrant Agreement dated as of April 27, 1993 (herein called the "Warrant Agreement"), between the Company and the Warrant Agent and is subject to the terms and provisions of the Warrant Agreement, which terms and provisions are hereby incorporated by reference herein and made a part hereof. Every holder of this Warrant Certificate consents to all of the terms contained in the Warrant Agreement by acceptance hereof. A copy of the Warrant Agreement is available for inspection by the registered holder hereof at the principal office of the Warrant Agent.

The Company shall not be required upon the exercise of the Warrants represented hereby to issue fractions of shares of Common Stock, to distribute stock certificates that evidence fractional shares of Common Stock or to issue Warrant Certificates representing fractional Warrants, but shall make adjustment in cash or scrip for any fraction of a share which the same registered holder of Warrants exercised in the same transaction would have been entitled to purchase on the basis of the then-current market value of any such fraction of a share (computed as provided in the Warrant Agreement). If the Warrants represented hereby shall be exercised in part, the registered holder hereof shall be entitled to receive, upon surrender hereof, another Warrant Certificate for the balance of the number of whole [Class A] [Class B] Warrants not exercised as provided in the Warrant Agreement.

Commencing on the day after the Distribution Date, this Warrant Certificate may be exchanged either separately or in combination with other Warrant Certificates at the office or agency maintained in the Borough of Manhattan, New York, New York for such purpose or at the principal office of the Warrant Agent for new Warrant Certificates representing the same aggregate number of [Class A] [Class B] Warrants evidenced by the Warrant Certificate or Warrant Certificates exchanged, upon surrender of this Warrant Certificate and upon compliance with and subject to the conditions set forth herein and in the Warrant Agreement.

Commencing on the day after the Distribution Date, this Warrant Certificate is transferable at the office or agency maintained in the Borough of Manhattan, New York, New York for such purpose or at the principal office of the Warrant Agent by the registered holder hereof in person or by his attorney duly authorized in writing, upon surrender of this Warrant Certificate and upon compliance with and subject to the conditions set forth herein and in the Warrant Agreement. Upon any such transfer, a new Warrant Certificate or new Warrant Certificates of different denominations, representing in the aggregate a like number of [Class A] [Class B] Warrants, will be issued to the transferee. Every holder of Warrants, by accepting this Warrant Certificate, consents and agrees with the Company, the Warrant Agent and with every subsequent holder of this Warrant Certificate that until due presentation for the registration of transfer of this Warrant Certificate on the Warrant Register maintained by the Warrant Agent, the Company and the Warrant Agent may deem and treat the person in whose name this Warrant Certificate is registered as the absolute and lawful owner for all purposes whatsoever and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary.

This Warrant may not be exercised if and to the extent that the ownership by the warrantholder of the shares of [Class A][Class B] Common Stock issuable upon exercise hereof would (i) adversely affect the Company's operating certificates or authorities, (ii) violate Foreign Ownership Restrictions (as defined in the Warrant Agreement) or (iii) violate the terms of the Stockholders Agreement (as defined in the Warrant Agreement).

[FOR CLASS A WARRANTS ONLY -- Notwithstanding the fact that this Warrant otherwise may only be exercised to purchase Class A Common Stock, to the extent that Air Canada, as the holder of this Class A Warrant, is limited by clauses (i) or (ii) of the preceding paragraph or by Section 5.01 of the Stockholders Agreement in its ability to exercise this Warrant but may hold additional shares of Class B Common Stock without adversely affecting the Company's operating certificates or authorities or violating Foreign Ownership Restrictions or violating the terms of Section 5.01 of the Stockholders Agreement, Air Canada may exercise this Class A Warrant to purchase up to a number of shares of Class B Common Stock equal to the lesser of (i) the maximum number of shares of Class B Common Stock that Air Canada may hold without (x) adversely affecting the Company's operating certificates or authorities or violating Foreign Ownership Restrictions or (z) violating the terms of Section 5.01 of the Stockholders Agreement and (ii) the number of shares of Class A Common Stock that Air Canada would otherwise have been entitled to receive upon exercise of this Warrant; provided, however, that such number shall in no event exceed nine (9) shares of Class B Common Stock.

Notwithstanding the fact that this Warrant otherwise may only be exercised to purchase Class A Common Stock, Air Partners shall be entitled to exercise a Class A Warrant to purchase additional Class B Common Stock:

(i) to the extent that Air Partners is limited by Section 5.01 of the Stockholders Agreement from exercising a Class A Warrant but may hold additional shares of Class B Common Stock without violating the terms of such Section, it may exercise such Class A Warrant into such number of shares of Class B Common Stock equal to the lesser of (x) the number of shares of Class A Common Stock that Air Partners would otherwise have been entitled to receive upon exercise of such Warrant and (y) the number of shares of Class B Common Stock that Air Partners may own without violating the terms of Section 5.01 of the Stockholders Agreement; provided, however, that such number shall in no event exceed nine (9) shares of Class B Common Stock; or

(ii) under the circumstances set forth in Section 5.02 of the Stockholders Agreement.]

The Company is authorized by the Warrant Agreement to suspend the exercise of all Warrants for any period during which any shares of Common Stock reserved for exercise of Warrants require, under any Federal or state law or rule or regulation of any national securities exchange, registration with or approval of any governmental authority or listing on any national securities exchange and such registration, approval or listing is not in effect.

Nothing contained in the Warrant Agreement or in this Warrant Certificate shall be construed as conferring on the holder of any Warrants or his transferee any rights whatsoever as a stockholder of the Company.

This Warrant Certificate shall not be valid unless countersigned manually by the Warrant Agent.

The Warrant Agreement and each Warrant Certificate, including this Warrant Certificate, shall be deemed a contract made under the laws of the State of New York and for all purposes shall be construed in accordance with the laws of the State of New York without giving effect to the principles of conflicts of laws thereof.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be duly executed under its corporate seal.

Dated: _____, 1993

CONTINENTAL AIRLINES, INC.

[CORPORATE SEAL]

By:
Name:
Title:

ATTEST:

By:
Name:
Title:

COUNTERSIGNED:

CONTINENTAL AIRLINES, INC.,
AS WARRANT AGENT

By:

Name:
Title:

ELECTION TO EXERCISE
(To be executed upon exercise of Warrant)

To CONTINENTAL AIRLINES, INC.:

The undersigned hereby irrevocably elects to exercise the right of purchase represented by the within Warrant Certificate for, and to purchase thereunder,. . . . . . shares of [Class A] [Class B] Common Stock, as provided for therein, and tenders herewith payment of the purchase price in full in the form of [cash or a certified or official bank check in the amount of $.] [$ principal amount of Series B Notes of which $_____ should he applied toward the payment of such shares of Common Stock (which must be $1,000 or an integral multiple of $1,000 not in excess of the aggregate Warrant Price) and cash or a certified or official bank check in the amount of $] (delete one).

If the principal amount of Series B Notes delivered herewith exceeds that portion of the payment which is to be paid by the surrender of Series B Notes, you are authorized, as agent of the undersigned, to deliver to the Company the Series B Notes delivered herewith for exchange into smaller denominations in order that you may deliver to the undersigned a new Series B Note, in principal amount equal to the difference between the principal amount of the Series B Notes surrendered less the principal amount thereof, plus accrued and unpaid interest thereon, used to purchase [Class A] [Class B] Common Stock.

Please issue a certificate or certificates for such shares of Common Stock in the name of, and pay any cash for any fractional share to:

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

Name
(Please Print Name and Address)

Address

Signature

NOTE: The above signature should correspond exactly with the name on the face of this Warrant Certificate or with the name of assignee appearing in the assignment form below.

AND, if said number of shares shall not be all the shares purchasable under the within Warrant Certificate, a new Warrant Certificate is to be issued in the name of said undersigned for the balance remaining of the shares purchasable thereunder less any fraction of a share paid in cash.

Dated: , 19

ASSIGNMENT

(To be executed only upon assignment of Warrant Certificate)

For value received, ...
hereby sells, assigns and transfers unto.....
.....
the within Warrant Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint.....
.....
attorney, to transfer said Warrant Certificate on the books of the within-named Company, with full power of substitution in the premises.

Dated:....., 19....

NOTE: The above signature should correspond exactly with the name on the face of this Warrant Certificate.

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT, dated as of April 27, 1993 among CONTINENTAL AIRLINES, INC. a Delaware corporation (including its successor, as reorganized pursuant to Chapter 11, Title 11 of the United States Bankruptcy Code (the "Bankruptcy Code"), "Continental"), AIR PARTNERS, L.P., a Texas limited partnership ("Air Partners"), and AIR CANADA ("Air Canada"), a Canadian corporation. (Air Partners and Air Canada are sometimes referred to herein individually as a "Party" and jointly as the "Parties".)

W I T N E S S E T H :

WHEREAS, Continental, together with its Affiliates, is a Debtor and Debtor-in-Possession in the cases (the "Chapter 11 Cases") filed in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), entitled "In re Continental Airlines, Inc. et al., Debtors," Chapter 11 Case Nos. 90-932 through 90-984, under the Bankruptcy Code;

WHEREAS, Continental and the Parties have entered into that certain Investment Agreement dated as of November 9, 1992 (as amended, modified or supplemented from time to time, the "Investment Agreement"), which among other things, provides for the purchase and/or placement of the Securities (as defined in the Investment Agreement) in connection with and as part of the transactions to be consummated pursuant to the confirmation of the Amended Joint Consolidated Plan of Reorganization (as modified) in the Chapter 11 Cases (the "Plan of Reorganization");

WHEREAS, by Order dated April 16, 1993, the Bankruptcy Court confirmed the Plan of Reorganization;

WHEREAS, the Investment Agreement and the Plan of Reorganization contemplate that Continental, certain Affiliates of Continental, Air Partners and Air Canada will enter into certain agreements, including without limitation, this Registration Rights Agreement;

NOW THEREFORE, the parties hereby agree as follows:

1. Definitions. Terms defined in the Investment Agreement are used herein as defined therein. In addition, the following terms, as used herein, have the following meanings (all terms defined herein in the singular to have the correlative meanings when used in the plural and vice versa):

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person; "control" when used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this Agreement, each limited and general partner of Air Partners shall be deemed to be an Affiliate of Air Partners.

"Agreement" means this Registration Rights Agreement, as the same shall be amended, modified or supplemented from time to time.

"Chapter 11 Cases" has the meaning ascribed to it in the preamble.

"Closing Date" has the meaning ascribed to it in the Stockholders Agreement.

"Continental" has the meaning ascribed to it in the preamble.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Incidental Registration" means any registration of Registrable Securities under the Securities Act effected in accordance with Section 2.2.

"Incidental Registration Notice" has the meaning ascribed to it in Section 2.2(a).

"Indemnified Party" has the meaning ascribed to it in Section 2.8(a).

"Notice of Demand" means a request by either Party pursuant to, and in accordance with, Section 6.03 of the Stockholders Agreement that Continental effect the registration under the Securities Act of all or part of the Registrable Securities held by the Parties (or any one of them) pursuant to Section 2.1(a), such request to specify (i) the type and amount of Registrable

Securities proposed to be registered, (ii) the intended method or methods and plan of disposition thereof and (iii) whether or not such requested registration is to be an underwritten offering.

"Person" means an individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Registrable Securities" means (a) any shares of Class A Common Stock or Class B Common Stock (including Additional Class B Common Stock and Further Additional Class B Common Stock, if any) issued on the Closing Date, (b) any Warrant, (c) any shares of Class A Common Stock or Class B Common Stock issuable upon the exercise of the Warrants, (d) any securities issued or issuable with respect to any such Class A Common Stock, Class B Common Stock or Warrants by way of stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization or otherwise, (e) any shares of Class A Common Stock issuable upon exchange or conversion of shares of Class C Common Stock or Class D Common Stock, (f) any shares of Common Stock issued to Air Canada in connection with the Air Canada Put (as defined in the Investment Agreement) and (g) any shares of Converted B Stock (as defined in the Stockholders Agreement). As to any particular Registrable Securities, once issued such securities shall cease to be Registrable Securities when (i) a registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with the plan of distribution set forth in such registration statement, (ii) such securities shall have been distributed in accordance with Rule 144 (or any successor provision) under the Securities Act or (iii) such securities shall have been otherwise transferred, new certificates therefor not bearing a legend restricting further transfer shall have been delivered in exchange therefor by Continental and subsequent disposition of such shares shall not require registration or qualification under the Securities Act or any similar state law then in force.

"Registration Expenses" means all expenses incident to Continental's performance of or compliance with Section 2, including, without limitation, (a) all registration, filing, securities exchange listing and National Association of Securities Dealers fees, (b) all registration, filing, qualification and other fees and expenses of complying with securities or blue sky laws, (c) all word processing, duplicating, printing, messenger and delivery expenses, (d) the fees and disbursements of counsel for Continental and of its independent public accountants, including, without limitation, the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance, (e) the reasonable fees and disbursements incurred by the holders of the Registrable Securities being registered (including, without limitation, the reasonable fees and disbursements of any one counsel and any one accounting firm selected by the Requisite Holders), (f) reasonable premiums and other reasonable costs of policies of insurance against liabilities arising out of the public offering of the Registrable Securities being registered, (g) any fees and disbursements of underwriters customarily paid by issuers or sellers of securities, but excluding underwriting discounts and commissions and transfer taxes, if any, relating to Registrable Securities, including, without limitation, reasonable fees and disbursements of counsel for the underwriter or underwriters or selling holders in connection with blue sky qualifications of the Registrable Securities and determination of their eligibility for investment under the laws of such jurisdictions and (h) fees and expenses of other Persons retained or employed by Continental.

"Requested Registration" means any registration of Registrable Securities under the Securities Act effected in accordance with Section 2.1.

"Requesting Holders" means, with respect to any Requested Registration or Incidental Registration, the holders of Registrable Securities requesting to have Registrable Securities included in such registration in accordance with this Agreement.

"Requisite Holders" means, with respect to any registration of Registrable Securities by Continental pursuant to Section 2, any holder or holders of a majority of the Registrable Securities to be so registered.

"Rule 144" means Rule 144 promulgated by the SEC under the Securities Act, and any successor provision thereto.

"SEC" means the United States Securities and Exchange Commission, or any successor governmental agency or authority thereto.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Special Audit" means an audit Continental is required to undertake in connection with a Requested Registration, solely as a result of the timing

of the Notice of Demand to which such registration relates, in order to restate or prepare pro forma financial statements in connection with an acquisition or disposition of the type and nature required to be disclosed pursuant to Item 2 of Form 8-K under the Exchange Act.

"Stockholders Agreement" means the Subscription and Stockholders' Agreement, dated as of the date hereof, among Continental, Air Partners and Air Canada.

"Successor" has the meaning ascribed to it in the Stockholders Agreement.

"Voting Securities" has the meaning ascribed to it in the Stockholders Agreement.

2. Registration under the Securities Act.

2.1 (a) Registration on Request. Except as provided in Section 2.1(b), upon receipt of a Notice of Demand from either Party, Continental shall use its reasonable best efforts to effect at the earliest practicable date the registration under the Securities Act of the Registrable Securities that Continental has been so requested to register by such Party pursuant to the Notice of Demand, for disposition in accordance with the intended method or methods of disposition specified in such Notice.

(b) Registration Restrictions. Notwithstanding the foregoing, Continental shall not be obligated to take any action to effect any registration pursuant to Section 2.1(a) (i) after Continental has effected four (4) such registrations pursuant to such Section and in accordance with the provisions of Section 2.1(f) (except for actions relating to a previous Notice of Demand delivered pursuant to Section 2.1(a)); (ii) during any period (not to exceed sixty (60) days) if the Independent Directors of Continental (as defined in the Stockholders Agreement) determine in good faith that it would be materially detrimental to Continental and its shareholders to file a registration statement at such time (such determination to be evidenced by a certificate of the Chief Executive Officer or any Senior or Executive Vice President of Continental and delivered at such time to Continental and to the Parties); (iii) during the period commencing on the date of delivery of an Incidental Registration Notice and ending on the earlier of (y) the twentieth (20th) day after the effectiveness of the registration statement to which such Incidental Registration Notice relates or (z) the date the Board of Directors of Continental determines in good faith to abandon plans to pursue the registration contemplated by such Incidental Registration Notice (such determination to be evidenced by a certificate of the Chief Executive Officer or any Senior or Executive Vice President of Continental and delivered at such time to Continental and to the Parties); (iv) if the Party providing the Notice of Demand does not beneficially own, directly or indirectly, at least five percent (5%) of the aggregate voting power of the then outstanding Voting Securities on a fully-diluted basis; or (v) if a Requested Registration pursuant to this Section 2.1 has been effected pursuant to and in accordance with this Agreement within the previous sixty (60) days.

(c) Registration of Securities. Without limiting the foregoing, when making a request for registration pursuant to Section 2.1(a), the Party providing the Notice of Demand may seek to register different types of Registrable Securities and/or different classes of the same type of Registrable Securities simultaneously and Continental shall use its, and in the case of an underwritten offering, shall cause the managing underwriter or underwriters to use its, or their, reasonable best efforts to effect such registration and sale in accordance with the intended method or methods of disposition specified in the Notice of Demand.

(d) Registration Statement Form. Registrations under this Section 2.1 shall be on such appropriate registration form of the SEC (i) as shall be selected by Continental and as shall be reasonably acceptable to the Party providing the Notice of Demand and (ii) as shall permit the disposition of such Registrable Securities in accordance with the intended method or methods of disposition specified in the Notice of Demand. Continental agrees to include in any such registration statement all information which the Party providing the Notice of Demand shall reasonably request.

(e) Expenses. Subject to Section 2.3, Continental will pay all Registration Expenses incurred in connection with a registration effected (whether or not deemed effective pursuant to Section 2.1(f)) pursuant to this Section 2.1.

(f) Effective Registration Statement. For purposes of this Agreement, a registration requested pursuant to this Section 2.1 shall be deemed to have been effected (including, without limitation, for purposes of Section 2.1(b)(i)) if (and only if) (i) a registration statement with respect

thereto has become effective and remains effective during the period provided for in Section 2.5(ii) or (ii) such registration is deemed to have been effected pursuant this Section 2.1(f) or Section 2.3(b). A registration requested pursuant to this Section 2.1 shall not be considered effected for purposes of this Section 2.1(f) (A) if, after it has become effective, such registration is interfered with by any stop order, injunction or other order or requirement of the SEC or other governmental agency or court for any reason (other than a misrepresentation or an omission by the holders of such Registrable Securities in which case such registration shall be deemed to have been effected pursuant to this Section 2.1(f)) and such order or injunction has not been lifted; or (B) if the conditions to closing specified in the purchase agreement or underwriting agreement entered into in connection with such registration have not been satisfied (unless such condition or conditions have been waived or such non-satisfaction is due to the wrongful or bad faith act, omission or misrepresentation by the holders of such Registrable Securities in which case such registration shall be deemed to have been effected pursuant to this Section 2.1(f)).

(g) Selection of Underwriters. If a requested registration pursuant to this Section 2.1 involves an underwritten offering, the underwriter or underwriters thereof shall be selected by the Party providing the Notice of Demand with the approval of Continental, such approval not to be unreasonably withheld.

(h) Priority in Demand Registrations. If a registration pursuant to this Section 2.1 involves an underwritten offering of the Registrable Securities being registered to be distributed (on a firm commitment basis) by or through one or more underwriters and the managing underwriter or underwriters of such underwritten offering shall inform Continental and the Party providing the Notice of Demand by letter of its belief that the number of securities requested to be included in such registration exceeds the number that can be sold in (or during the time of) such offering within a price range acceptable to such Party or Parties, then Continental will include in such registration such number of Registrable Securities that can be sold in (or during the time of) such offering as requested to be included in such registration by such Party or Parties in the manner specified in Section 6.03 of the Stockholders Agreement.

2.2 Incidental Registration.

(a) Right to Include Registrable Securities. During the period from the Closing Date to and including the fifteenth (15th) anniversary thereof, if Continental at any time proposes to register any of its securities under the Securities Act (other than by a registration on Form S-4 or Form S-8 or any successor or similar form then in effect and other than pursuant to Section 2.1) in a form and in a manner that would permit registration of the Registrable Securities, whether or not for sale for its own account, it will, as soon as practicable (but in no event less than twenty (20) days prior to the proposed date of filing the registration statement relating to such registration), give prompt written notice to the Parties and such Affiliates of the Parties as the Parties may designate in writing to Continental prior to or within five (5) days after the date of such notice to the Parties and who then hold Registrable Securities of its intention to do so and of such holders' rights under this Section 2.2. Upon the written request of any such holder made within fifteen (15) days after the receipt of any such notice to the Parties (which request shall specify the Registrable Securities intended to be disposed of by such holder and the intended method or methods of disposition thereof) (the "Incidental Registration Notice"), Continental will use its reasonable best efforts to effect the registration under the Securities Act of all Registrable Securities which Continental has been so requested to register by the holders thereof, to the extent requisite to permit the disposition (in accordance with the intended method or methods thereof as aforesaid) of the Registrable Securities so to be registered, provided that if, at any time after giving written notice of its intention to register any securities and prior to the effective date of the registration statement filed in connection with such registration, Continental shall determine for any reason not to register or to delay registration of such securities, Continental may, at its election, give written notice of such determination to each such holder of Registrable Securities and, thereupon, (i) in the case of a determination not to register, shall be relieved of its obligation to register any Registrable Securities in connection with such registration (but not from its obligation to pay any and all expenses in connection therewith as specified in the last sentence of this Section 2.2(a)), without prejudice, however, to the rights of the Parties to request that such registration be effected as a registration under Section 2.1, and (ii) in the case of a determination to delay registering, shall be permitted to delay registering any Registrable Securities, for the same period as the delay in registering such other securities; and provided, further, that, for purposes of this Section 2.2(a), the use by Continental of its "reasonable best efforts" shall not require Continental to reduce the amount or sale price of the securities it proposes to distribute for its own account. No registration effected under this Section 2.2 shall be deemed to have been

effected pursuant to Section 2.1 or shall relieve Continental of its obligation to effect any registration upon request under Section 2.1. Subject to Section 2.3, Continental will pay all Registration Expenses incurred in connection with each registration of Registrable Securities pursuant to this Section 2.2.

(b) Priority in Incidental Registrations. If (i) a registration pursuant to this Section 2.2 involves an underwritten offering of the securities being registered, whether or not for sale for the account of Continental, to be distributed (on a firm commitment basis) by or through one or more underwriters of recognized standing under underwriting terms appropriate for such a transaction and (ii) the managing underwriter of such underwritten offering shall inform Continental and the holders of the Registrable Securities requesting such registration by letter of its belief that the number of securities requested to be included in such registration exceeds the number which can be sold in (or during the time of) such offering within a price range acceptable to Continental, then Continental will include in such registration such number of securities which Continental is so advised can be sold in (or during the time of) such offering as follows: first, all securities proposed by Continental to be sold for its own account; second, such Registrable Securities requested to be included in such registration by either or both of the Parties as specified in Section 6.03 of the Stockholders Agreement; third, such Registrable Securities requested to be included in such registration by all other Requesting Holders pro rata on the basis of the number of shares of such securities so proposed to be sold and so requested to be included by such other holders; and fourth, all other securities of Continental requested to be included in such registration pro rata on the basis of the number of shares of such securities so proposed to be sold and so requested to be included.

2.3 Withdrawal from Registration. Each Requesting Holder shall be permitted to withdraw all or part of such holder's Registrable Securities included in a Requested Registration or an Incidental Registration at any time prior to the effective date of such registration; provided that (a) in the event of a withdrawal from an Incidental Registration, any fees and disbursements incurred by the Requesting Holders in connection with such registration shall be paid by such Requesting Holders; and (b) in the event of a withdrawal from a Requested Registration, such registration shall be deemed to have been effected for purposes of Section 2.1(f) unless (i) the Parties have paid any fees and disbursements incurred by them in connection with such registration or (ii) such withdrawal is due to the occurrence of an adverse change in market conditions or a materially adverse change in Continental's business, condition (financial or otherwise) or prospects since the date of the Notice of Demand relating to such registration.

2.4 Holdback Agreement. If a registration pursuant to this Agreement involves an underwritten offering of the securities being registered, each Party participating in such offering agrees to, and shall use reasonable efforts to cause its Affiliates to, enter into a holdback agreement with the underwriter or underwriters of such offering containing provisions of the type customarily employed in such agreements with respect to registered public offerings underwritten by nationally-recognized underwriting firms.

2.5 Registration Procedures. If and whenever Continental is required to use its reasonable best efforts to effect the registration of any Registrable Securities under the Securities Act as provided in Sections 2.1 and 2.2, Continental will as expeditiously as possible:

(i) prepare and (as soon thereafter as possible but in any event no later than (A) 120 days from the date a request for registration is made or (B) in the event Continental is required to undertake a Special Audit, 150 days from such date) file with the SEC the requisite registration statement to effect such registration and thereafter use its reasonable best efforts to cause such registration statement to become effective, provided that as far in advance as practicable before filing such registration statement or any amendment thereto, Continental will furnish to the Requesting Holders copies of reasonably complete drafts of all such documents proposed to be filed (including exhibits), and any such holder shall have the opportunity to object to any information contained therein and Continental will make the corrections reasonably requested by such holder with respect to such information prior to filing any such registration statement or amendment;

(ii) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for a period not to exceed nine (9) months (or such shorter period as shall be necessary to complete the distribution of the securities covered thereby, but not before the expiration of the applicable period referred to in Section 4(3) of the Securities Act and Rule 174 thereunder) and comply with the provisions of the Securities Act with respect to the sale or other disposition of all securities covered by such

registration statement during such period in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement;

(iii) furnish to each seller of Registrable Securities covered by such registration statement such number of conformed copies of such registration statement and of each such amendment and supplement thereto (in each case including all exhibits and documents incorporated by reference), such number of copies of the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 promulgated under the Securities Act relating to such holder's Registrable Securities, in conformity with the requirements of the Securities Act, and such other documents as such seller may reasonably request to facilitate the disposition of its Registrable Securities;

(iv) use its reasonable best efforts to register or qualify all Registrable Securities and other securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions as each seller thereof shall reasonably (in light of each such seller's intended plan of distribution) request, to keep such registration or qualification in effect for so long as such registration statement remains in effect, and take any other action which may be reasonably necessary or advisable to enable such seller to consummate the disposition in such jurisdictions of the securities owned by such seller, except that Continental shall not for any such purpose be required to (a) qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this clause (iv) be obligated to be so qualified, (b) subject itself to taxation in any such jurisdiction or (c) consent to general service of process in any such jurisdiction;

(v) use its reasonable best efforts to cause all Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof (or underwriter, if any) to consummate the disposition of such Registrable Securities in accordance with the plan of distribution set forth in such registration statement;

(vi) furnish to each seller of Registrable Securities a signed counterpart, addressed to such seller (and underwriter, if any) of:

(a) an opinion of counsel to Continental, dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, dated the date of the closing under the underwriting agreement), reasonably satisfactory in form and substance to such seller (and underwriter), and

(b) a "comfort" letter, dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, dated the date of the closing under the underwriting agreement), signed by the independent public accountants who have certified Continental's financial statements included in such registration statement,

in each case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, in the case of the accountants' letter, with respect to events subsequent to the date of such financial statements, as are customarily covered in opinions of issuer's counsel and in accountants' letters delivered to the underwriters in underwritten public offerings of securities and, in the case of the accountants' letter, such other financial matters as such sellers (or underwriters, if any) may reasonably request;

(vii) promptly notify each seller of Registrable Securities covered by such registration statement, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, upon discovery that, or upon the happening of any event known to Continental as a result of which, the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made, and at the request of any such seller as promptly as practicable prepare and furnish to such seller a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made;

(viii) otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the SEC, and make available to its security holders, as soon as reasonably practicable (but not more than fifteen (15) months) after the effective date of the registration statement, an earnings statement satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 promulgated thereunder;

(ix) provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by such registration statement from and after a date not later than the effective date of such registration statement;

(x) use its reasonable best efforts to list, on or prior to the effective date of such registration statement, all Registrable Securities covered by such registration statement on any securities exchange on which any of the Registrable Securities is then listed, if any;

(xi) cooperate with each seller of Registrable Securities and each underwriter or agent participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the National Association of Securities Dealers;

(xii) enter into such agreements and take such other actions as the Requisite Holders shall reasonably request in order to expedite or facilitate the disposition of such Registrable Securities; and

(xiii) promptly notify each seller and the underwriter or underwriters, if any:

(a) when such registration statement or any prospectus used in connection therewith, or any amendment or supplement thereto, has been filed and, with respect to such registration statement or any post-effective amendment thereto, when the same has become effective;

(b) of any written comments from the SEC with respect to any filing referred to in clause (a) and of any written request by the SEC for amendments or supplements to such registration statement or prospectus;

(c) of the notification to Continental by the SEC of its initiation of any proceeding with respect to, or of the issuance by the SEC of, any stop order suspending the effectiveness of such registration statement; and

(d) of the receipt by Continental of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the applicable securities or blue sky laws of any jurisdiction.

Each seller of Registrable Securities as to which any registration is being effected shall furnish to Continental such information regarding such seller, the Registrable Securities held by such seller and the intended plan of distribution of such securities as Continental may from time to time reasonably request in writing in connection with such registration.

Each seller of Registrable Securities agrees, by acquisition of such Registrable Securities, that upon receipt of any notice from Continental of the happening of any event of the kind described in clause (vii) of this Section 2.5, such seller will forthwith discontinue such seller's disposition of Registrable Securities pursuant to the registration statement relating to such Registrable Securities until such seller's receipt of the copies of the supplemented or amended prospectus contemplated by clause (vii) of this Section 2.5 and, if so directed by Continental, will deliver to Continental (at Continental's expense) all copies, other than permanent file copies, then in such seller's possession of the prospectus relating to such Registrable Securities current at the time of receipt of such notice. In the event Continental shall give any such notice, the period referred to in clause (ii) of this Section 2.5 shall be extended by a number of days equal to the number of days during the period from the date of receipt of such notice by such sellers to and including the date when each holder of any Registrable Securities covered by such registration statement receives the copies of the supplemented or amended prospectus contemplated by clause (vii) of this Section 2.5.

2.6 Underwritten Offerings.

(a) Requested Underwritten Offerings. If requested by the underwriters for any underwritten offering pursuant to a registration requested pursuant to Section 2.1, Continental will enter into an underwriting agreement with such underwriters for such offering, such agreement to be reasonably satisfactory in substance and form to the Party providing the Notice of Demand and to contain such representations and warranties by Continental and such other terms as are generally prevailing in agreements of this type, including, without limitation, indemnities to the effect and to the extent provided in Section 2.8. Each of the Parties participating in such registration shall be a party to such underwriting agreement and may, at its option, require that any or all of the representations and warranties by, and the other agreements on the part of, Continental to and for the benefit of such underwriters shall also be made to and for its benefit and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement be conditions precedent to its obligations thereunder. Neither Air Partners nor Air Canada shall be required to make any representations or warranties to or agreements with Continental other than representations, warranties or agreements regarding such holder, such holder's Registrable Securities and such holder's intended method of distribution and any other representation required by law.

(b) Incidental Underwritten Offerings. If Continental at any time proposes to register any of its securities under the Securities Act as contemplated by Section 2.2 and such securities are to be distributed by or through one or more underwriters, Continental will, if requested by any holder or holders of Registrable Securities participating in such offering and subject to Section 2.2(b), arrange for such underwriters to include all of the Registrable Securities to be offered and sold by such holder or holders among the securities to be distributed by such underwriters. The holders of Registrable Securities to be distributed by such underwriters shall be parties to the underwriting agreement between Continental and such underwriters, provided such agreement is reasonably satisfactory in substance and form to the Requisite Holders, and may, at their option, require that any or all of the representations and warranties by, and the other agreements on the part of, Continental to and for the benefit of such underwriters shall also be made to and for the benefit of such holders of Registrable Securities and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement be conditions precedent to the obligations of such holders of Registrable Securities thereunder. Any such holder of Registrable Securities shall not be required to make any representations or warranties to or agreements with Continental other than representations, warranties or agreements regarding such holder, such holder's Registrable Securities and such holder's intended method of distribution and any other representation required by law.

2.7 Preparation; Reasonable Investigation. In connection with the preparation and filing of each registration statement under the Securities Act pursuant to this Agreement, Continental will give the holders of Registrable Securities to be registered under such registration statement, their underwriters, if any, and their respective counsel and accountants, the opportunity to participate in the preparation of such registration statement, each prospectus included therein or filed with the SEC in connection therewith, and each amendment thereof or supplement thereto, and will give each of them such reasonable access to its books and records and such opportunities to discuss the business of Continental with its officers and the independent public accountants who have certified its financial statements as shall be necessary, in the opinion of such holders' and such underwriters' respective counsel, to conduct a reasonable investigation within the meaning of the Securities Act.

2.8 Indemnification.

(a) Indemnification by Continental. Continental agrees to indemnify and hold harmless, to the full extent permitted by law, each holder of Registrable Securities participating in an offering, its directors, officers, employees, limited and general partners (either direct or indirect) (and such partners' directors, officers, employees and agents), agents and each other Person, if any, who controls such holder within the meaning of the Securities Act (each such Person, an "Indemnified Party") from and against any losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such securities were registered under the Securities Act, any preliminary prospectus, final prospectus or summary

prospectus contained therein, or any amendment or supplement thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and Continental will reimburse such Indemnified Party for any legal or any other expenses reasonably incurred by it in connection with investigating or defending any such loss, claim, liability, action or proceeding, provided that in any such case Continental shall not be liable to any particular Indemnified Party to the extent that such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to Continental by such Indemnified Party specifically for inclusion therein; and provided, further, that Continental shall not be liable in any such case to the extent it is finally determined by a court of competent jurisdiction that any such loss, claim, damage, liability or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made

(i) in any such preliminary prospectus, if (A) it was the responsibility of such Indemnified Party to provide the Person asserting such loss, claim, damage, liability or expense with a current copy of the prospectus and such Indemnified Party failed to deliver or cause to be delivered a copy of the prospectus to such Person after Continental had furnished such Indemnified Party with a sufficient number of copies of the same and (B) the prospectus completely corrected such untrue statement or omission; or

(ii) in such prospectus, if such untrue statement or omission is completely corrected in an amendment or supplement to such prospectus and the Indemnified Party thereafter fails to deliver the prospectus as so amended or supplemented prior to or concurrently with the sale of Registrable Securities to the Person asserting such loss, claim, damage, liability or expense after Continental had furnished such Indemnified Party with a sufficient number of copies of the same.

Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnified Party and shall survive the transfer of such securities by such Indemnified Party. Continental shall also indemnify each other Person who participates (including as an underwriter) in the offering or sale of Registrable Securities, their officers and directors and each other Person, if any, who controls any such participating Person within the meaning of the Securities Act to the same extent as provided above with respect to Indemnified Parties.

(b) Indemnification by the Sellers. Continental may require, as a condition to including any Registrable Securities in any registration statement filed pursuant to Section 2.5 and as a condition to indemnifying such sellers pursuant to this Section 2.8, that Continental shall have received an undertaking reasonably satisfactory to it from each prospective seller of such securities, to indemnify and hold harmless (in the same manner and to the same extent as set forth in paragraph (a) of this Section 2.8) Continental, each director, officer, employee and agent of Continental, and each other Person, if any, who controls Continental within the meaning of the Securities Act, from and against any losses, claims, damages or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any registration statement under which such securities were registered under the Securities Act, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, or any omission or alleged omission from such registration statement, preliminary prospectus, final prospectus or summary prospectus, or any amendment or supplement thereto required to be stated therein or necessary to make the statements therein not misleading, if (but only if) such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to Continental by such prospective seller specifically for inclusion therein; provided, however, that the obligation to provide indemnification pursuant to this Section 2.8(b) shall be several, and not joint and several, among such indemnifying parties. Such indemnity shall remain in full force and effect, regardless of any investigation made by or on behalf of Continental or any such director, officer, employee, agent or participating or controlling Person and shall survive the transfer of such securities by such prospective seller.

(c) Notices of Claims, etc. Promptly after receipt by an indemnified party of notice of the commencement of any action or proceeding involving a claim referred to in paragraphs (a) and (b) of this Section 2.8, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, give prompt written notice to the latter of the commencement of such action, provided that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of

its obligations under this Section 2.8, except to the extent that the indemnifying party is actually and materially prejudiced or damaged by such failure to give notice. In case any such action is brought against an indemnified party, the indemnifying party shall be entitled to participate in and to assume the defense and control thereof, jointly with any other indemnifying party similarly notified to the extent that it may wish, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party for any legal fees or other expenses subsequently incurred by the latter in connection with the defense thereof other than reasonable costs of investigation; provided, however, that if, in such indemnified party's reasonable judgment, a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, such indemnified party shall be entitled to separate counsel at the expense of the indemnifying party. In the event an indemnifying party shall not be entitled, or elects not, to assume the defense of a claim, such indemnifying party shall not be obligated to pay the fees and expenses of more than one counsel or firm of counsel for all parties indemnified by such indemnifying party in respect of such claim, unless in the reasonable judgment of any such indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties in respect of such claim, in which event the indemnifying party shall be obligated to pay the fees and expenses of such additional counsel (limited to one additional counsel) for such indemnified party or parties. No indemnifying party shall, without the consent of the indemnified party, consent to entry of any judgment or enter into any settlement that (i) does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation or (ii) would impose injunctive relief on such indemnified party. No indemnifying party shall be subject to any liability for any settlement made without its consent, which consent shall not be unreasonably withheld.

(d) Other Indemnification. The provisions of this Section 2.8 shall be in addition to any other rights to indemnification or contribution which an indemnified party may have pursuant to law, equity, contract or otherwise.

(e) Indemnification Payments. The indemnification required by this Section 2.8 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, promptly as and when bills are received or expense, loss, damage or liability is incurred.

(f) Contribution. If for any reason (other than the reasons expressly specified in this Section 2.8) the foregoing indemnity and reimbursement is unavailable or is insufficient to hold harmless an indemnified party under paragraphs (a) or (b) of this Section 2.8, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of any loss, claim, damage or liability (or actions or proceedings, whether commenced or threatened, in respect thereof), including, without limitation, any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding, in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party on the other. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. If, however, the allocation provided in the second preceding sentence is not permitted by applicable law, or if the allocation provided in the second preceding sentence provides a lesser sum to the indemnified party than the amount hereinafter calculated, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative fault but also the relative benefits to the indemnifying party and the indemnified party as well as any other relevant equitable considerations. The parties agree that it would not be just and equitable if contributions pursuant to this Section 2.8(f) were to be determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the preceding sentences of this Section 2.8(f). Notwithstanding anything in this Section 2.8(f) to the contrary, no indemnifying party (other than Continental) shall be required pursuant to this Section 2.8(f) to contribute any amount in excess of the net proceeds received by such indemnifying party from the sale of Registrable Securities in the offering to which the losses, claims, damages or liabilities of the indemnified parties relate. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

3. Rule 144: Continental will file the reports required to be filed

by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder (or, if Continental is not required to file such reports, will, upon the request of the Parties, make publicly available other information) and will take such further action as the Parties may reasonably request, all to the extent required from time to time to enable such parties to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (i) Rule 144 under the Securities Act, as such Rule may be amended from time to time or (ii) any similar rule or regulation hereafter adopted by the SEC. Upon the reasonable request of the Parties, Continental will deliver to such parties a written statement as to whether it has complied with such requirements and will, at its expense, forthwith upon the request of any such Party, deliver to such Party a certificate, signed by Continental's principal financial officer, stating (a) Continental's name, address and telephone number (including area code), (b) Continental's Internal Revenue Service identification number, (c) Continental's SEC file number, (d) the number of shares of each class of capital stock outstanding as shown by the most recent report or statement published by Continental, and (e) whether Continental has filed the reports required to be filed under the Exchange Act for a period of at least ninety (90) days prior to the date of such certificate and in addition has filed the most recent annual report required to be filed thereunder.

4. Amendments and Waivers. This Agreement may be amended, supplemented or modified at any time, provided that each of the Parties and Continental has provided its written consent to such amendment, supplement or modification. Subject to Section 7, any term or condition of this Agreement may be waived at any time by the party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the party waiving such term or condition. No waiver by any party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same term or condition of this Agreement on any future occasion.

5. Entire Agreement; Other Agreements. This Agreement supersedes all prior discussions and agreements between the parties with respect to the subject matter hereof, including Section 1.10 (but only Section 1.10) of the Investment Agreement, and contains the sole and entire agreement between the parties with respect to the subject matter hereof.

6. No Third Party Beneficiary. The terms and provisions of this Agreement are intended solely for the benefit of each party, their respective Successors or permitted assigns and it is not the intention of the parties to confer third-party beneficiary rights upon any other Person other than any Person entitled to notice of the registration of Registrable Securities pursuant to Section 2.2(a) or to indemnity under Section 2.8.

7. Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, (i) such provision will be fully severable, (ii) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (iii) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (iv) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

8. Nominees for Beneficial Owners. In the event that any Registrable Securities are held by a nominee for the beneficial owner thereof, the beneficial owner thereof may, at its election, be treated as the holder of such Registrable Securities for purposes of request or other action by any holder or holders of Registrable Securities pursuant to this Agreement or any determination of any number or percentage of shares of Registrable Securities held by any holder or holders of Registrable Securities contemplated by this Agreement. If the beneficial owner of any Registrable Securities so elects, Continental may require assurances reasonably satisfactory to it of such owner's beneficial ownership of such Registrable Securities. For purposes of this Agreement, "beneficial owner" (including, with its correlative meaning, "beneficial ownership") has the meaning ascribed to it in Article Sixth, Section 3 of the Restated Certificate of Incorporation of Continental.

9. Notices. All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally or by facsimile transmission or mailed (first class postage prepaid) to the parties at the following addresses or facsimile numbers:

If to Air Canada, to:

Air Canada Center

Montreal International Airport (Dorval)
P.O. Box 14000 Postal Station St. Laurent
Canada H4Y 1H4
Facsimile No.: 514-422-5829
Attn.: Cameron DesBois
Vice President and General Counsel

If to Air Partners, to:

Air Partners, L.P.
201 Main Street, Suite 2420
Ft. Worth, Texas 76102
Facsimile No.: 817-871-4010
Attn.: James G. Coulter

If to Continental, to:

Continental Airlines, Inc.
2329 Allen Parkway, Suite 2010
Houston, Texas 77210-4607
Facsimile No.: 713-834-5161
Attn.: Senior Vice President
and General Counsel

With respect to any other holder of Registrable Securities, such notices, requests and other communications shall be sent to the addresses set forth in the stock transfer records regularly maintained by Continental. All such notices, requests and other communications will (i) if delivered personally to the address as provided in this Section 9, be deemed given upon delivery, (ii) if delivered by facsimile transmission to the facsimile number as provided in this Section 9, be deemed given upon receipt, and (iii) if delivered by mail in the manner described above to the address as provided in this Section 9, be deemed given upon receipt (in each case regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice is to be delivered pursuant to this Section 9). Any party from time to time may change its address, facsimile number or other information for the purpose of notices to that party by giving notice in accordance with this Section 9 specifying such change to the other parties.

10. Assignment. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties and their respective Successors (including, in the case of Continental, Continental as reorganized pursuant to the Plan of Reorganization) and assigns. In addition, the Parties may assign (by written instrument) any of their rights hereunder (in whole or in part) (a) to one or more 100% Party Subsidiaries (as defined in the Stockholders Agreement); or (b) except for the Parties' rights under Section 2.1, to one or more transferees of the Parties' Registrable Securities, provided that such transferees may not subsequently assign such rights to any other Person.

11. Descriptive Headings. The descriptive headings of the several sections and paragraphs of this Agreement are inserted for convenience of reference only and do not define or limit the provisions hereof or otherwise affect the meaning hereof.

12. Specific Performance. The parties agree that, to the extent permitted by law, (i) the obligations imposed on them in this Agreement are special, unique and of an extraordinary character, and that in the event of a breach by any such party damages would not be an adequate remedy; (ii) each of the other parties shall be entitled to specific performance and injunctive and other equitable relief in addition to any other remedy to which it may be entitled at law or in equity; and (iii) any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief is hereby waived.

13. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

14. Majority of Shares. For purposes of this Agreement, the phrase "majority of shares" shall mean a majority in number of such shares and, with respect to the Warrants, such phrase shall refer to the number of shares into which such Warrants are exercisable.

15. Registration Rights to Others. Continental represents and warrants that it has not granted to any other Person rights with respect to the registration of any Registrable Securities or any other securities issued or to be issued by it, except for the registration rights granted by Continental in connection with the PBGC Settlement.

16. Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

17. Provision of Information. Each Party shall, and shall cause its officers, directors and employees to, complete and execute all questionnaires and other similar documents as Continental shall reasonably request as required in connection with a Requested Registration or Incidental Registration to the extent such Party is participating in such registration.

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 above written.

CONTINENTAL AIRLINES, INC.

By: /S/ CONTINENTAL AIRLINES, INC.
Name:
Title:

AIR PARTNERS, L.P.

By 1992 Air GP,
its General Partner

By 1992 Air, Inc.

By: /S/ 1992 AIR, INC.
Name:
Title:

AIR CANADA

By: /S/ AIR CANADA
Name:
Title:

AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT
OF
AIR PARTNERS, L.P.

This Amended and Restated Limited Partnership Agreement ("Agreement") of Air Partners, L.P. is made and entered into effective as of the 9th day of November, 1992 (the "Effective Date"), by and among 1992 Air GP, a Texas general partnership ("1992 Air") and Air II General, Inc., a Texas corporation ("Air II") as the general partners, and each person executing a counterpart signature page under the heading "Limited Partner Signature Page" (each, a "Limited Partner" and collectively, the "Limited Partners") and James G. Coulter, Nominee ("Coulter, Nominee") as withdrawing nominee limited partner. 1992 Air, Inc., a Texas corporation ("Air Inc."), David Bonderman, and James G. Coulter are also executing this Agreement solely with respect to the covenants contained in Sections 7.01(e), (f), and (g).

RECITALS

A. Air Inc. and Coulter, Nominee formed Air Partners, L.P. (the "Partnership") pursuant to that certain Limited Partnership Agreement (the "Original Agreement") dated as of August 19, 1992.

B. Air Inc. hereby transfers its interest in the Partnership to 1992 Air; 1992 Air is hereby admitted as the general partner of the Partnership; Air Inc. hereby withdraws as the general partner of the Partnership; and the partners hereby agree to continue the Partnership and its business as provided for herein.

C. Air II is hereby admitted as a new general partner of the Partnership and has made its Initial Capital Contribution (as defined herein); and following such admission, the partners hereby agree to continue the Partnership and its business as provided herein.

D. Coulter, Nominee hereby distributes to the Limited Partners the interests in the Partnership he holds as nominee for such Limited Partners. Each of the Limited Partners is hereby admitted to the Partnership as a limited partner as of the Effective Date, and Coulter, Nominee withdraws as nominee limited partner.

E. Each of the undersigned desire to amend and restate the Original Agreement in its entirety as provided for herein.

For and in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the adequacy, receipt, and sufficiency of which are hereby acknowledged, 1992 Air, Air II, and each of the Limited Partners (collectively, the "Partners" and individually, a "Partner") hereby agree as follows:

ARTICLE I

ORGANIZATION AND PURPOSE

Section 1.01. Continuation of Limited Partnership. The Partners hereby agree to become partners and to continue the Partnership pursuant to Article 6132a-1 Tex. Rev. Civ. Stat. Ann., known as the Texas Revised Limited Partnership Act (the "Act"). 1992 Air and Air II shall be the general partners and each is hereinafter sometimes individually referred to as a "General Partner" and collectively as the "General Partners".

Section 1.02. Name. The name of the Partnership shall be Air Partners, L.P. All business and affairs of the Partnership shall be conducted solely under, and all Partnership Assets (as that term is defined in Section 1.04) shall be held solely in, such name unless otherwise determined by the Managing General Partner (as defined herein).

Section 1.03. Effective Date and Term. The Partnership shall be in effect for a term beginning on the Effective Date and shall continue under this Agreement (as amended from time to time) until dissolved upon the occurrence of an event that causes the dissolution of the Partnership in accordance with the provisions of this Agreement, and thereafter to the extent provided by applicable law, until wound up and terminated as provided herein.

Section 1.04. Purposes and Scope of Business. The business and purposes of the Partnership are to review potential investments in and to buy, sell, exchange or otherwise acquire, hold, trade, invest in, and deal with the following securities of Continental Airlines, Inc. or its successor as reorganized pursuant to Chapter 11 of the U.S. Bankruptcy Code ("New

Continental"): (i) Class A Common Stock of New Continental, (ii) Class B Common Stock of New Continental, (iii) Warrants to purchase Class A Common Stock of New Continental, and (iv) Warrants to purchase Class B Common Stock of New Continental (collectively, "Initial Securities") substantially in accordance with the terms set forth in that certain Investment Agreement dated of even date herewith, as amended on January 13, 1993, and attached hereto as Exhibit A and made a part hereof (the "Investment Agreement"), and to buy, sell, exchange or otherwise acquire, hold, trade, invest in, and deal with any other securities of any type of New Continental (all collectively, the "Securities") whether such Securities are acquired directly or indirectly through partnerships, joint ventures, or otherwise; provided that, if the Partnership obtains Securities of an Initial Securities Securities Type (whether by exercise or conversion of a Security or otherwise), such Securities shall also be deemed Initial Securities. Subject to the terms and conditions of this Agreement, the Partnership shall have the power and authority to do all such other acts and things as may be necessary, desirable, expedient, convenient for, or incidental to, the furtherance and accomplishment of the foregoing objectives and purposes and for the protection and benefit of the Partnership including, but not limited to, the defense of and prosecution of litigation relating to the foregoing. The assets of the Partnership, whether now or hereafter owned, are hereinafter sometimes referred to as the "Partnership Assets".

Section 1.05. Documents. The General Partners, or anyone designated by the General Partners, is hereby authorized to execute any amendments to the Partnership's Certificate of Limited Partnership ("Certificate of Limited Partnership") necessitated hereby, in accordance with the Act and cause the same to be filed in the office of the Secretary of State of the State of Texas in accordance with the provisions of the Act. The Partnership shall promptly execute and duly file with the proper offices in each state in which the Partnership may conduct the activities hereinafter authorized, one or more certificates as required by the laws of each such state in order that the Partnership may lawfully conduct the business, purposes, and activities herein authorized in each such state, and the Partnership shall take any other action or measures necessary in such state or states for the Partnership to conduct such activities.

Section 1.06. Principal Place of Business. The principal place of business of the Partnership shall be 2800 First City Bank Tower, 201 Main Street, Fort Worth, Texas 76102 or at such other place or places as may be approved by the General Partners. The General Partners shall be responsible for maintaining at the Partnership's principal place of business those records required by the Act to be maintained there.

Section 1.07. Registered Agent and Office. The Registered Agent (as defined in the Act) for the Partnership shall be James G. Coulter. The Registered Office (as defined in the Act) of the Partnership shall be 2800 First City Bank Tower, 201 Main Street, Fort Worth, Texas 76102.

Section 1.08. Certain Definitions. In addition to terms defined elsewhere in this Agreement, the following terms shall have the meanings ascribed to them below:

(a) "Adjusting Event" shall have the meaning given it under Section 4.02(b) hereof.

(b) "Affiliate" of a Person shall mean an entity in which such Person directly or indirectly, including through one or more subsidiaries of such Person, owns or controls at least fifty-one percent (51%) of the equity or voting securities of such entity, or an entity in which such Person otherwise controls the management and policies of such entity.

(c) "Allocable Amount" relating to Securities of any particular Securities Type held by the Partnership shall be an amount equal to (i) the Initial Value of such Securities, plus (ii) any expenses directly related to such Securities which were paid for with Expense Capital, plus (iii) a reasonably allocable portion of all general expenses of the Partnership not otherwise allocable to a specific Securities Type which have been paid for with Expense Capital, provided that all such general expenses shall be allocated among the Securities, plus (iv) an allocable portion of the Management Fee, provided that the entire Management Fee shall be allocated among the Securities. The Managing General Partner shall use reasonable discretion in making the allocations under this Section 1.08(c).

(d) "Approval of the Partners" shall have the meaning given it in Section 2.01(c) hereof.

(e) "Basis Amount" at any particular time shall mean the Allocable Amount of any Relevant Assets that were disposed of through such time by the Partnership.

(f) "Capital Commitment" for each Partner shall be the product of such Partner's Initial Apportionment multiplied by the amounts shown in Section 3.01(b) as the mandatory capital contribution requirements.

(g) "Capital Contributions" shall mean, with respect to any Partner, such Partner's total contributions to the capital of the Partnership pursuant to this Agreement.

(h) "Cumulative Basis Amounts" shall mean at any particular time the cumulative total of all Basis Amounts to such time.

(i) "Demand Registration Rights" shall mean the demand registration rights held by the Partnership relating to the Securities. Such Demand Registration Rights are the property of the Partnership, and except as specifically provided for in Section 1.10(b), the Managing General Partner shall determine when and if such Demand Registration Rights shall be exercised by the Partnership.

(j) "Earned Priority Returns" shall mean at any particular time the cumulative total of all Partners' Priority Returns with respect to all Securities to such time.

(k) "Expense Capital" shall mean the amount of Capital Contributions called for under Section 3.01(b)(ii), including amounts called to fund Uncompleted Acquisition Costs.

(l) "Incapacity" shall mean, as to an individual, (i) the adjudication of incompetence or insanity, the filing of a voluntary petition in bankruptcy, the entry of an order of relief in any bankruptcy or insolvency proceeding, or the entry of an order that such individual is bankrupt or insolvent, (ii) the death of such individual, (iii) the physical or mental disability of such individual which would have the effect of rendering such individual unable to perform those tasks required to be performed by such individual hereunder, or (iv) the conviction of such individual of a felony involving moral turpitude by a court in the United States of competent jurisdiction.

(m) "Indirect Shares" shall have the meaning given it in Section 4.01(a) hereof.

(n) "Initial Apportionment" for each Partner shall mean (i) in the case of 1992 Air, 1%, (ii) in the case of Air II, 0.1%, and (iii) in the case of each Limited Partner, the percentage amount set forth opposite such Limited Partner's name on such Partner's Limited Partner Signature Page.

(o) "Initial Value" shall have the meaning given it in the proviso to "Value" below.

(p) "Investment Capital" shall mean the amount of Capital Contributions called for under Section 3.01(b)(i).

(q) "Management Fee" shall have the meaning given it under Section 2.07 hereof.

(r) "Managing General Partner" shall mean 1992 Air as long as it is a General Partner of the Partnership, and thereafter, its successor as appointed herein.

(s) "Net Profits" or "Net Loss" shall mean, with respect to the Partnership at the close of each fiscal year, the excess or the deficiency, as the case may be, of all income and gain for such fiscal year over the aggregate of all expenses, deductions, and losses for such fiscal year.

(t) "Net Value" of any Partnership Asset shall be its Value (determined in Section 1.08(kk) below) less the sum of (i) all debt of the Partnership directly related to such Partnership Asset (such as, for Securities, any margin debt thereon) and (ii) a pro rata share (as among all Values of all Partnership Assets) of all general debt of the Partnership not otherwise provided for under (i) above.

(u) "Other Partners" shall mean all of the Partners other than the Managing General Partner.

(v) "Percentage Interest" shall have the meaning given it in Section 4.02(a) hereof.

(w) "Person" shall mean and include both natural persons and business entities of any form whatsoever.

(x) "Priority Return" relating to any particular Securities Type shall mean with respect to each Partner, a preferred return accruing at a rate of 10% per annum, accruing daily and compounded semi-annually based on a 360 day year,

on such Partner's Unrecovered Capital relating to such Securities Type.

(y) "Relevant Assets" shall have the meaning given it under Section 4.09(e).

(z) "Remaining Capital Commitment" for any Partner at any time shall be the difference between (i) such Partner's Capital Commitment and (ii) such Partner's Capital Contributions excluding Special Contributions (as defined in Sections 2.01(d) and 4.09(c)).

(aa) "Retained Shares" shall mean any Indirect Shares reallocated to the Managing General Partner under the provisions of Sections 4.08 or 4.09. Notwithstanding any provision herein to the contrary, to the extent the Managing General Partner is allocated any Retained Shares, such Retained Shares shall retain the same characteristics as they had prior to becoming Retained Shares, for all purposes herein, including, but not limited to, distribution rights, Indirect Share amounts, and Voting Interests.

(bb) "Securities Laws" shall mean the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, the Trust Indenture Act of 1939, the Investment Advisers Act of 1940, any state securities or "blue sky" laws, and any rules, regulations, and interpretations under the foregoing, as any of these may be amended from time to time.

(cc) "Securities Type" shall initially refer to one of the four types of Initial Securities of New Continental listed in Section 1.04 hereof. In the event the Partnership acquires any other Securities, a new Securities Type shall be established for each new type of Security received by the Partnership.

(dd) "Shifted Interest" shall have the meaning given it in Section 4.09(f).

(ee) "2/3 Vote" shall mean approval of Limited Partners holding at least sixty-six and two-thirds percent (66 2/3%) of the Voting Interests in the Partnership held by the Limited Partners.

(ff) "Uncompleted Acquisition Costs" shall have the meaning given it under Section 3.01(b)(ii) hereof.

(gg) "Unpaid Cumulative Basis Amounts" shall mean at any particular time the difference between (i) the Cumulative Basis Amounts and (ii) the total of all distributions made to such time under Sections 4.09(e)(ii) and (iii).

(hh) "Unpaid Priority Return" shall mean at any particular time the difference between (i) the Earned Priority Returns and (ii) the total of all distributions made to such time under Section 4.09(e)(i).

(ii) "Unrecovered Capital" for any Partner relating to any particular Securities Type at any particular time shall mean such Partner's share (by Percentage Interest) of the Allocable Amount relating to the Securities of such Securities Type reduced (but not below zero) by any and all distributions made to such Partner relating to such Securities Type pursuant to Sections 4.09(e)(ii) and (iii) hereof prior to such time.

(jj) "Valuation Date" shall mean any date that the Securities of the Partnership are valued for any reason.

(kk) "Value" of

(i) any Security shall be:

(A) for marketable Securities listed on a national Securities exchange or on the National Market System Quotations, the last sales price on the Valuation Date, or in the absence of a sale on such date, the last bid price on the Valuation Date;

(B) for marketable Securities traded in the over-the-counter market and reported in the National Association of Securities Dealers' Automated Quotation System, the closing bid price on the Valuation Date as reported by such system;

(C) for Securities not specified in (i) or (ii) above, and for which prices are regularly quoted by at least two independent recognized dealers, the most recent market prices as reported by such dealers; and

(D) for all other Securities, the cost of or such other value as reasonably determined by the Managing General Partner.

Foreign Securities listed on a recognized exchange shall be included in (i) above; those regularly reported on a recognized automated quotation system shall be included in (ii) above; and those regularly quoted by at least two independent recognized dealers shall be included in (iii) above.

Notwithstanding the foregoing, the Managing General Partner shall reasonably allocate the purchase price of the Securities acquired from New Continental among the various Securities Types in order to set their initial Values ("Initial Values"). In determining such Initial Values, the Managing General Partner shall allocate the purchase price among the Securities Types in a method it reasonably determines will allocate the expected future returns of each Securities Type to all of the Securities.

(ii) any other Partnership Asset shall be the market value of such Partnership Asset as of the Valuation Date as reasonably determined by the Managing General Partner.

The Managing General Partner shall promptly inform the Other Partners of any valuation of any or all of the Partnership's Assets. If within ten (10) days following any valuation by the Managing General Partner of any or all of the Partnership's Assets, Limited Partners, by a 2/3 Vote, disagree with the Value of any asset as determined by the Managing General Partner in accordance with the provisions provided for above (including the Initial Values), then such Limited Partners shall give written notice to the Managing General Partner. Within ten (10) days after receiving such notice, the Managing General Partner shall hire, at Partnership expense, a nationally recognized investment banking firm (the "Investment Banker"), who is acceptable to the Limited Partners by a 2/3 Vote, to determine the Value of the Partnership's Assets whose value determination has been questioned. The Investment Banker shall be chosen by the Managing General Partner and approved by the Limited Partners by a 2/3 Vote and shall have had significant experience valuing assets of the type and kind held by the Partnership. The Investment Banker shall report the Value of the assets in question in a written report to the Managing General Partner within thirty (30) days of its appointment hereunder, and the Managing General Partner shall distribute such report to the Partners as promptly as possible thereafter. The Value of any assets determined by the Investment Banker as provided above shall be binding on all Partners and the Partnership.

(ll) "Voting Equivalent" for any Securities Type shall mean the number of shareholder votes in New Continental possessed by one share of a Security of the Securities Type, as determined in the reasonable opinion of the Managing General Partner taking into account all conversion features; provided that, if a Security has no direct shareholder votes in the business of New Continental, and is not convertible by its holder into an instrument with a shareholder vote, then such Security shall have a Voting Equivalent of zero.

(mm) "Voting Interest" shall have the meaning given it in Section 4.03(a).

Section 1.09. Other Agreements. The Partnership may, from time to time, enter into certain agreements and make certain representations relating to the Securities (the "Securities Agreements") which may restrict, among other things, the sale, transfer, or ownership of such Securities. The Partners acknowledge that the Securities and other Partnership Assets may be subject to certain Securities Agreements and the transfer restrictions, conditions, or limitations imposed under applicable Securities Laws and agree that the Partnership will act in accordance with the requirements of such Securities Agreements and Securities Laws. Each of the Partners acknowledges that in the event any of the Securities are to be transferred to any of the Partners, such Securities shall, to the extent applicable, remain subject to the provisions of the applicable Securities Agreements and Securities Laws and each such Partner agrees to abide by the relevant provisions of such Securities Agreements.

Section 1.10. Distributions of Securities; Sales.

(a) Notwithstanding any other provision herein to the contrary, in the event a Partner has the right to request the distribution to such Partner of Securities held by the Partnership, such distribution will (i) be made only if permitted in accordance with the applicable Securities Laws and the applicable Securities Agreements and then only in a manner consistent with any requirements imposed by the Securities Agreements and Securities Laws, (ii) to the extent required, the Securities so distributed shall remain subject to the applicable Securities Laws and the applicable Securities Agreements, and (iii) no Partner shall have any interest in or be permitted to exercise or to demand an assignment of a right to the Partnership's Demand Registration Rights.

(b) Notwithstanding any provision herein to the contrary, in the event a Partner has the right to require the Partnership to sell Securities on behalf of such Partner, such sale request shall be effective only if such sale can be accomplished under the applicable Securities Laws and applicable Securities Agreements without the use of any of the Partnership's Demand Registration Rights; provided that, in the event that Partners collectively request that the Partnership sell at least fifty percent (50%) of a particular Securities Type, the Partnership shall use one of its Demand Registration Rights (if one is available and would accomplish the desired sale) in order to complete such sale; provided further that, subject to the limitations on the use of the Demand Registration Rights provided for above, the Managing General Partner shall use reasonable efforts and take any reasonable actions necessary in order to complete such sale request, if possible.

(c) Notwithstanding any provision herein to the contrary, the Partnership shall not be permitted to sell or distribute any of its Securities at any time if such sale or distribution would violate any applicable Securities Laws or any applicable Securities Agreements.

(d) To the extent it deems appropriate, the Managing General Partner shall have the power to condition any distribution of Securities to a Partner upon such Partner executing investment letters or other similar documents and consenting to the imposition of transfer restrictions such as restrictive legends and stop transfer orders upon such Securities.

(e) In applying the provisions of Sections 1.09 and 1.10, the Managing General Partner shall be entitled to retain and consult with legal counsel, and the Managing General Partner shall have exclusive authority to determine whether any proposed transfer shall be subject to or violate any Securities Agreements or Securities Laws.

ARTICLE II

OPERATIONS

Section 2.01. Management of Partnership.

(a) The right to manage, control, and conduct the business and affairs of the Partnership shall be vested solely in the Managing General Partner. Except as provided in Sections 2.01(b), 2.01(d), 2.01(e), 2.01(f), 4.08, and 8.01, the Limited Partners shall not take part in the management of the affairs of the Partnership and under no circumstances may any Limited Partner control the Partnership business or sign for or bind the Partnership. Without limiting the generality of the foregoing, and notwithstanding anything to the contrary contained in this Agreement, the Managing General Partner shall have the exclusive authority to act for and on behalf of the Partnership, and no third party shall ever be required to inquire into the authority of the Managing General Partner to take such action on behalf of the Partnership. Except as expressly limited in this Agreement, the Managing General Partner shall have the rights, authority, and powers of general partners with respect to the Partnership business and the Partnership Assets as set forth in the Act as in effect upon the Effective Date of this Agreement. The Managing General Partner shall not be required to devote its full time and attention to the business of the Partnership, but only such time as it deems necessary for the proper conduct of the Partnership's affairs.

(b) No act shall be taken, sum expended, or obligation incurred by the Managing General Partner for or on behalf of the Partnership with respect to a matter within the scope of any of the following major decisions ("Major Decisions") affecting, directly or indirectly, the Partnership, or the Partnership Assets, unless approved as described in subsection 2.01(c):

(1) Financing or refinancing of the Partnership or the Partnership Assets;

(2) Except as otherwise specifically provided for herein, amending this Agreement; provided that, Section 8.01 may not be amended nor may any other provision relating to the removal of a General Partner be added to this Agreement unless approved under Section 2.01(c) and approved by 1992 Air and Air II;

(3) Admitting a New Partner (as defined in Section 5.04) to the Partnership after the date the Securities are acquired; provided that, the admission of a Make-Up New Partner shall be subject to and done in accordance with Section 3.01(b), and shall not be treated as a Major Decision; or

(4) Approving the terms and conditions of the Securities Agreements.

Notwithstanding the provisions of (c) below, no Major Decision under (4) above may be made unless approved under (c) below and approved by Larry

Hillblom, American General Corporation, and Donald Sturm.

(c) No Major Decision may be made or effected by or on behalf of the Partnership without the approval of the Partners holding at least eighty percent (80%) of the Voting Interests held by the Partners at the time of such Major Decision. As used in this Agreement, "Approval of the Partners" (or other similar phrases) shall mean the approval or consent of the Partners holding at least eighty percent (80%) of the Voting Interests held by the Partners at the time such approval is requested. Any Partner may at any time propose a Major Decision to the other Partners by giving written notice to the other Partners. Within ten (10) days after receipt of such notice, each Partner shall indicate, in writing, to the requesting Partner, his or its approval or disapproval of such Major Decision; provided that, in the event any Partner does not respond in such 10 day period, such Partner shall be deemed to have disapproved such Major Decision. If any Partner or Partners holding at least eighty percent (80%) of the Voting Interests approve of, consent to, or otherwise take any action contemplated by this Section 2.01(c), such action shall neither require any further polling of any other Partners, nor require any further approval, consent, or action of any other Partners. The failure to receive the approval or consent, within the time period above, of Partners holding at least eighty percent (80%) of the Voting Interests with respect to a Major Decision shall constitute disapproval of such Major Decision.

(d) Prior to the sale of any of the Securities other than a sale under Section 4.08, the Managing General Partner shall give at least forty-eight (48) hours prior notice to each Limited Partner of such proposed sale. The notice shall state the date and approximate time which the Managing General Partner anticipates such sale to be consummated (the "Sale Time"); provided that notice given by the Managing General Partner shall be effective for seventy-two (72) hours following the Sale Time. Each Limited Partner shall then have the right, by giving written notice to the Managing General Partner at least twenty-four (24) hours prior to the Sale Time, to elect (a "Stock Election") to have such Partner's share of Securities being sold distributed to it pursuant to Section 4.09(a) in lieu of sale proceeds. The Managing General Partner shall use reasonable efforts to comply with such Stock Election if permitted under the applicable Securities Agreements and Securities Laws. In the event any Limited Partner fails to make a Stock Election within the time provided above, such Limited Partner shall be deemed to have declined to make a Stock Election with respect to the proposed sale. In the event a sale of Securities is to be made under this Section 2.01(d), and any portion of the proceeds will be used to fund Management Fees beyond the prepaid Management Fee, a Partner may make a Stock Election as to the entire proposed sale and may make a Capital Contribution for its share of such Management Fee (each, a "Special Contribution" which shall be treated as a Capital Contribution other than for Expense Capital) in lieu of the sale of any of such Partner's share of such Securities.

(e) In the event Air Canada exercises any rights it may have under any Securities Agreement to exercise a call for the Class A Common Stock of New Continental and/or the Warrants to purchase Class A Common Stock of New Continental owned by the Partnership (the "Call Right"), and once the Managing General Partner and Air Canada have generally determined the terms and conditions of the call, the Managing General Partner shall give notice to each Limited Partner. Within five (5) business days after such notice is distributed, each Limited Partner shall have the right, by giving written notice to the Managing General Partner, to elect (a "Call Election") to have the Partnership, to the extent possible, receive for the benefit of such Partner, and have distributed as soon as possible to such Partner pursuant to Section 4.09(b), Air Canada Common Stock in lieu of sale proceeds. To the extent Air Canada Common Stock is available, such stock shall be distributed, in lieu of cash proceeds, pro rata among those Limited Partners who have made Call Elections. In the event any Limited Partner fails to make a Call Election within the time provided above, such Limited Partner shall be deemed to have declined to make a Call Election with respect to the call.

(f) In the event New Continental submits an item to a vote by its shareholders (each, a "Shareholder Vote"), the Managing General Partner shall give written notice to each Limited Partner of the items comprising the Shareholder Vote. Within five (5) business days of receiving the above notice, each Limited Partner may indicate to the Managing General Partner, by written notice (a "Vote Notice"), his or its preference for each item comprising the Shareholder Vote. The Managing General Partner shall vote Securities of the Partnership equal to the Indirect Shares of each Limited Partner who has given a Vote Notice in accordance with such Vote Notice, and shall vote the remaining Securities of the Partnership as the Managing General Partner sees fit. In the event a Limited Partner does not deliver a Vote Notice within the time provided above, such Limited Partner shall be deemed to have declined to make a Vote Notice with respect to such Shareholder Vote, and the Managing General Partner shall be entitled to vote the Indirect Shares of such Limited Partner as he sees fit.

Section 2.02. Affiliates. The Managing General Partner shall have the right to cause the Partnership to enter into contracts or otherwise deal with any Affiliates of any Partner in any capacity, including, without limitation, in connection with the financing, management, and development of the Partnership Assets, except that the terms of any such arrangement shall be commercially reasonable and competitive with amounts that would be paid to third parties on an "arms-length" basis. The Partners acknowledge that they are aware of, and have approved the terms of, the Management Fee (as outlined in Section 2.07).

Section 2.03. Expenses. In addition to the fee payable under Section 2.07 hereof, the Partnership shall pay or reimburse the Managing General Partner and the Tax Matters Partner (as defined in Section 2.06) for all direct, out-of-pocket expenses incurred by it with respect to its duties under Section 2.01 and Section 2.06 to the Partnership, including, without limitation, salaries, accounting expenses, insurance premiums attributable directly to the Partnership, legal fees, and other direct costs associated with the formation and operation of the Partnership. In addition, each Limited Partner shall be entitled to a reimbursement of his or its outside attorney's fees associated with the formation of the Partnership, upon presentation to the Managing General Partner of appropriate documentation, up to an amount equal to the product of such Limited Partner's Initial Apportionment times Two Hundred Fifty Thousand Dollars ($250,000.00). New Continental is currently reimbursing the Partnership for 100% of its monthly expenses equal to at least $500,000 and 50% of all monthly expenses above $500,000 (the "Continental Reimbursement"). The amounts payable under this Section 2.03 may not exceed the sum of (i) any actual expense reimbursements made to the Partnership as Continental Reimbursements plus any reimbursements made to the Partnership from any other entity, plus (ii) the limitation set forth under Section 3.01(b) for Expense Capital. Amounts paid hereunder are deemed to be items which may be paid with Expense Capital.

Section 2.04. Liability of the Partners.

(a) Neither the General Partners, any Limited Partner, the Tax Matters Partner, the Terminating Partner (as defined herein), their Affiliates nor any of their respective shareholders, officers, directors, partners, employees, or agents (collectively, "Covered Persons") shall be liable to the Partnership or any Partner for any act or omission taken or suffered by such Covered Person in good faith and in the belief that such act or omission is in or is not opposed to the best interests of the Partnership, provided that such act or omission is not in violation of this Agreement. No Covered Person shall be liable to the Partnership or any Partner for any action taken by any other Partner, nor shall any Covered Person be liable to the Partnership or any other Partner for any action of any employee or agent of the Covered Person, provided such action is within the scope of the purposes of the Partnership and the Person seeking indemnification satisfies the parameters of the preceding sentence.

(b) Each Covered Person may act directly or through its agent or attorneys. Each Covered Person may consult with counsel, appraisers, engineers, accountants, and other skilled persons of its choosing and shall not be liable for anything done, suffered, or omitted in good faith in reasonable reliance upon the advice of any of such persons, provided that such persons were selected with reasonable care and that such act or omission is not in violation of this Agreement.

Section 2.05. Indemnification.

(a) The Partnership, to the full extent permitted by law, shall indemnify and hold harmless each Covered Person from and against any and all claims or liabilities of any nature whatsoever, including reasonable legal fees and other expenses reasonably incurred, arising out of, or in connection with the organization and capitalization of the Partnership or the activities of the Partnership or any action taken or omitted by any such Covered Person by or on behalf of the Partnership pursuant to authority granted by this Agreement, except (i) where found by a court of competent jurisdiction to be attributable to the gross negligence, willful misconduct, or bad faith of any such Covered Person, or a violation by such Covered Person of the provisions of this Agreement, (ii) as to which indemnification is barred under the federal securities law, the Act, or other applicable laws, or (iii) as to its share as a Partner in any losses or expenses of the Partnership, including any indemnification provided pursuant to this Section 2.05. In the event that any Covered Person becomes involved in any capacity in any suit, action, proceeding, or investigation in connection with any matter arising out of or in connection with the Partnership's operations or affairs, the Partnership will periodically reimburse such Covered Person for its reasonable legal and other expenses (including the cost of any investigation and preparation) incurred in connection therewith; provided however, that prior to any such advancement of expenses (i) such Covered Person shall provide the Partnership with an undertaking to promptly repay to the Partnership the amount of any such

expenses paid to it if it shall ultimately be determined that such Covered Person is not entitled to be indemnified by the Partnership as herein provided in connection with such suit, action, proceeding, or investigation, (ii) the Covered Person shall provide the Partnership with a written affirmation that such Covered Person in good faith believes that it has met the standard of conduct necessary for indemnification hereunder, and (iii) in the case of a suit by the Partnership or any Limited Partner against any General Partner, a majority of the Limited Partners, by Percentage Interests, have approved such reimbursement; provided further, however, that the failure for any reason of the Partnership to advance funds to any Covered Person shall in no way affect such Covered Person's right to reimbursement of such costs if it is ultimately determined that such Covered Person was entitled to indemnification pursuant to the terms hereof.

(b) Any Covered Person entitled to indemnification from the Partnership hereunder shall seek recovery under any insurance policies by which such Covered Person is covered and any Covered Person, if other than a General Partner, shall obtain the written consent of the Managing General Partner prior to entering into any compromise or settlement which would result in an obligation of the Partnership to indemnify such Covered Person. If such Covered Person shall actually recover any amounts under any applicable insurance policies, it shall offset the net proceeds so received against any amounts owed by the Partnership by reason of the indemnity provided hereunder or, if all such amounts shall have been paid by the Partnership in full prior to the actual receipt of such net insurance proceeds, it shall pay over such proceeds (up to the amount of indemnification paid by the Partnership to such Covered Person) to the Partnership. If the amounts in respect of which indemnification is sought arise out of the conduct of the business and affairs of the Partnership and also of any other Covered Person for which the Covered Person hereunder was then acting in a similar capacity, the amount of the indemnification provided by the Partnership may be limited to the Partnership's proportionate share thereof if so determined in good faith by the Managing General Partner.

(c) The satisfaction of any indemnification and any saving harmless pursuant to this Section 2.05 shall be solely from Partnership Assets and any Remaining Capital Commitments.

(d) Promptly after a Covered Person receives notice of the commencement of any action or other proceeding in respect of which indemnification may be sought hereunder, such Covered Person shall notify the Partnership thereof; provided that the failure to so notify shall not relieve the Partnership from any obligation hereunder unless, and only to the extent that, such failure results in the Partnership's forfeiture of substantial rights or defenses. If any such action or other proceeding shall be brought against any Covered Person, the Partnership shall be entitled to assume the defense thereof at its expense with counsel chosen by the Partnership and reasonably satisfactory to the Covered Person; provided however, that any Covered Person may at its own expense retain separate counsel to participate in such defense. Notwithstanding the foregoing, such Covered Person shall have the right to employ separate counsel at the reasonable expense of the Partnership and to control its own defense of such action or proceeding if (i) there are legal defenses available to such Covered Person that are different from or additional to (and in each case inconsistent with) those available to the Partnership, or (ii) in the reasonable opinion of counsel to such Covered Person, an irreconcilable conflict or potential conflict exists between the Partnership and such Covered Person that would make such separate representation necessary; provided further, that in no event shall the Partnership be required to pay fees and expenses under this indemnity for more than one firm of attorneys in any jurisdiction in any one legal action or group of related legal actions.

Section 2.06. Tax Matters Partner. The Managing General Partner shall act as the "Tax Matters Partner" for federal income tax purposes. The Tax Matters Partner shall mean the Partner (a) designated as the "tax matters partner" within the meaning of Section 6231(a)(7) of the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law, collectively the "Code") and (b) whose responsibilities as Tax Matters Partner include, where appropriate, commencing on behalf of the Partnership certain judicial proceedings regarding Partnership federal income tax items and informing all Partners of any administrative or judicial proceeding involving federal income taxes. In exercising its responsibilities as Tax Matters Partner, the Managing General Partner shall have the final decision making authority with respect to all federal income tax matters involving the Partnership except that the Managing General Partner shall not extend the statute of limitations nor enter into a settlement agreement with respect to any issue raised in an audit of the Partnership without the Approval of the Partners. Any direct out-of-pocket expense incurred by the Tax Matters Partner in carrying out its responsibilities and duties under this Agreement shall be allocated to and charged to the Partnership as an expense of the Partnership for which the Tax Matters Partner shall be reimbursed.

Section 2.07. Management Fee. The Partnership shall pay the Managing General Partner a fee (the "Management Fee") each year, in advance, in an amount equal to one percent (1%) of all Investment Capital contributed under Section 3.01(b)(i); provided that, the Partnership shall prepay the Management Fee for the first three (3) years (beginning on the date the Securities are acquired) to the Managing General Partner once a call has been made under Section 3.01(b)(i) and upon receipt of the Capital Contributions called for under Section 3.01(b)(iii); provided further that if after the first three years the Partnership has insufficient cash to pay such Management Fee, the Management Fee shall become an accrued expense of the Partnership payable out of the first available cash of the Partnership.

ARTICLE III

FINANCING

Section 3.01. Capital Contributions.

(a) Each of the Partners agrees to contribute (the "Initial Capital Contributions") to the capital of the Partnership on the Effective Date an amount in cash equal to One Thousand Dollars ($1,000) multiplied by such Partner's Initial Apportionment.

(b) If at any time the Managing General Partner determines, in its sole discretion, that additional funds are needed for (i) amounts needed for the purchase of Securities, (ii) any direct out-of-pocket costs and expenses incurred by the Partnership in connection with the formation, financing, and operation of the Partnership, including any costs and expenses associated with the attempt to acquire the Securities if such acquisition is not completed plus any costs or expenses associated with any litigation relating thereto ("Uncompleted Acquisition Costs"), or (iii) the Management Fee for the first three (3) years of operation of the Partnership beginning on the date the Securities are acquired (and shall not be callable until such time), then from time to time the Managing General Partner may make a written call for such funds ("Call"). Within ten (10) days after the Managing General Partner gives written notice of the Call, the Partners shall, until a cumulative Two Million Five Hundred Thousand Dollars ($2,500,000) has been contributed as Expense Capital, a cumulative One Million Six Hundred Fifty Thousand Dollars ($1,650,000) has been contributed for the prepaid Management Fee under (iii) above, and a cumulative Fifty-Five Million Dollars ($55,000,000) has been contributed as Investment Capital hereunder, be obligated to make additional capital contributions to the Partnership, pro rata in accordance with their Initial Apportionment (with each such contribution being referred to as an "Additional Capital Contribution"); provided that, the Managing General Partner may not make any Calls under (ii) above for expenses until October 6, 1992; and provided further that amounts called for under (ii) above shall be limited to costs and expenses incurred since October 6, 1992; and provided further that, one (1) year from the Effective Date hereof, the Managing General Partner shall reasonably estimate the amounts anticipated that the Partnership will need for Expense Capital for the remainder of the term of the Partnership (the "Expense Need") and shall make a Call at that time for such Expense Need (not to exceed, when added to all prior Calls made under Section 3.01(b)(ii) above, the $2,500,000 Expense Capital limit) and the Partners' Capital Commitments for Expense Capital shall expire immediately thereafter, and the Partners' Capital Commitments for Investment Capital shall expire one (1) year from the Effective Date. If any Partner elects not to deliver (the "Non-Contributing Partner") to the Managing General Partner for the use of the Partnership his or its pro rata portion of any Call (with such portion not being contributed being referred to herein as the "Defaulted Amount") within the time prescribed above, the other Partners shall have the right, but not the obligation, without further notice, to advance for their own capital accounts all or a portion of the Defaulted Amount (with any Partner contributing a portion of the Defaulted Amount being referred to as a "Contributing Partner"); provided however, that if more than one Partner desires to be a Contributing Partner and to advance a portion of the Defaulted Amount, each such Contributing Partner shall only advance his or its pro rata portion by Voting Interest of the Defaulted Amount as among all Contributing Partners. In the event that there is a portion of a Default Amount that is not met by Contributing Partners (such shortfall, the "Gap Amount"), the Managing General Partner shall be entitled to admit one or more "Make-Up New Partners" to the Partnership who shall contribute cash to the Partnership equal to all or part of the Gap Amount.

(c) Upon admission as a Partner hereof, each Partner shall be obligated, as and when required pursuant to the provisions of Section 3.01(b), to contribute capital to the Partnership in the amount of (i) in the case of 1992 Air, $591,500, (ii) in the case of Air II, $59,150, and (iii) in the case of each of the Limited Partners, the amount set forth on such Limited Partner's Limited Partner Signature Page; provided that, any Special Contributions made by any Partner shall not reduce the obligations hereunder but shall be deemed voluntary contributions in addition to the obligations set forth in this Section 3.01(c). The Partnership shall retain any and all rights and remedies

it may have at law or in equity to enforce said obligations, and no provision of this Agreement shall be deemed in any way to limit such rights or remedies.

Section 3.02. Capital Accounts. The amount of a Partner's capital account ("Capital Account") in the Partnership shall be determined by:

(a) crediting to such account (i) all contributions to the Partnership made by or on behalf of such Partner or his or its predecessor in interest, including the fair market value of any property contributed (less any liabilities assumed by the Partnership or to which any property may be subject) and (ii) all gains and income of the Partnership allocated to such Partner or his or its predecessor in interest; and

(b) debiting to such account (i) all withdrawals from the Partnership made by or on behalf of such Partner or his or its predecessor in interest, including the fair market value of any property distributed (less any liabilities assumed by the Partner or to which any property may be subject) and (ii) all losses and deductions of the Partnership allocated to such Partner or his or its predecessor in interest.

Section 3.03. Limited Liability of Limited Partners. Notwithstanding anything contained in this Agreement to the contrary, the liability of each Limited Partner for any of the debts, losses, or obligations of the Partnership shall be limited to the amount of the sum of such Limited Partner's capital contributions pursuant to Section 3.01 hereof. Accordingly, no Limited Partner shall be obligated to provide additional capital to the Partnership or its creditors by way of contribution, loan, or otherwise beyond the amount of the capital contributions required of such Limited Partner pursuant to Section 3.01 hereof. Except as provided in the Act, no Limited Partner shall have any personal liability whatsoever, whether to the Partnership or any third party, for the debts of the Partnership or any of its losses beyond the amount of the Limited Partner's capital contributions.

Section 3.04. Treatment of Capital Contributions. Except as provided in this Agreement to the contrary, no Partner shall be entitled to interest on his or its contributions to the capital of the Partnership nor shall any Partner be entitled to demand the return of all or any part of such contributions to the capital of the Partnership.

Section 3.05. Benefits of Agreement. Nothing in this Agreement, and, without limiting the generality of the foregoing, in this Article III, expressed or implied, is intended or shall be construed to give to any creditor of the Partnership or to any creditor of any Partner or any other person or entity whatsoever, other than the Partners and the Partnership, any legal or equitable right, remedy, or claim under or in respect of this Agreement or any covenant, condition, or provision herein contained, and such provisions are and shall be held to be for the sole and exclusive benefit of the Partners and the Partnership.

ARTICLE IV

ACCOUNTING, ALLOCATIONS AND DISTRIBUTIONS

Section 4.01. Indirect Shares.

(a) At the time the Securities are acquired, each Partner shall have an indirect share amount (such Partner's "Indirect Shares") in each Securities Type equal to the product of (i) the ratio of such Partner's Capital Contributions to the total Capital Contributions of all Partners at such time, multiplied by (ii) the number of shares (or the number of warrants) held by the Partnership in such Securities Type.

(b) The number of each Partner's Indirect Shares in a particular Securities Type shall be adjusted as follows: (i) such Partner's Indirect Shares in a particular Securities Type shall be increased for such Partner's share of any stock dividends, stock received in a recapitalization, or such other securities received by the Partnership of such Securities Type resulting from its ownership of any of the Securities (to be allocated among the Partners pro rata based upon their Percentage Interests in the Securities Type that such dividend is paid on), and (ii) such Partner's Indirect Shares in a particular Securities Type shall be decreased for such Partner's allocable share of any Indirect Shares disposed of by the Partnership. In addition, the Managing General Partner's Indirect Shares in a particular Securities Type shall be increased at the time the Managing General Partner is credited with Retained Shares of such Securities Type. The Managing General Partner shall use its reasonable discretion in determining the adjustments provided for above.

(c) In the event the Partnership acquires a Security which is not divisible into a number of shares or warrants, the Managing General Partner shall apply the principles above in allocating the indirect interest of each Partner in such Security.

Section 4.02. Percentage Interests.

(a) At any particular time and for any particular Securities Type, each Partner shall have the percentage interest in such Securities Type (collectively the "Percentage Interests" and individually, a "Percentage Interest") equal to the ratio, expressed as a percentage, of such Partner's Indirect Shares of such Securities Type to all Indirect Shares of such Securities Type held by all of the Partners (which shall be recalculated by the Managing General Partner at any time there is an adjustment in the Indirect Shares).

(b) In the event (i) any Partner is a Non-Contributing Partner and one or more other Partners become Contributing Partners with respect to such amount, or (ii) if a Make-Up New Partner is admitted by the Managing General Partner under Section 3.01(b), or (iii) a New Partner is admitted to the Partnership in accordance with Section 5.04 (with each such event described in Section 4.02(b)(i),(ii), or (iii) above being referred to as an "Adjusting Event"), then the Percentage Interests of each Partner shall be reasonably adjusted (the "Adjusting Valuation") by the Managing General Partner to recognize the economic effect on the Partners of such Adjusting Event, and the Managing General Partner shall notify each Partner of such adjustment. Absent special circumstances (such as the transfer to a transferee of more than a pro rata share of Indirect Shares of each Securities Type or a similar event) the Managing General Partner shall ascertain the Value of all of the Partnership's Assets as of the date of the Adjusting Event, including any contributions made by one or more Partners in connection therewith (the "Adjusting Contributions"), and each Partner shall have a Percentage Interest in each Securities Type after such Adjusting Event equal to the following formula:

$$PI = \frac{VPS + (AC * RTV)}{TVPS + (TAC * TRTV)}$$

Where

PI = The Percentage Interest of such Partner in such Securities Type after the Adjusting Event.

VPS = The Value of such Partner's Indirect Shares in such Securities Type immediately before the Adjusting Event.

AC = The Value of such Partner's Adjusting Contributions in connection with the Adjusting Event.

RTV = The ratio of such Partner's VPS amount for such Securities Type to the aggregate VPS amounts of all Securities Types for such Partner; provided that, for a New Partner, such New Partner's RTV for a Securities Type shall equal the TRTV for such Securities Type.

TVPS = The aggregate total of all Partners' VPS amounts with respect to such Securities Type.

TAC = The aggregate Value of all Partners' Adjusting Contributions in connection with the Adjusting Event.

TRTV = The ratio of the aggregate VPS amounts for all Partners of such Securities Type to the aggregate VPS amount of all Securities Types for all Partners.

An example calculation is presented in Exhibit B attached hereto.

(c) In the event the Limited Partners by 2/3 Vote disagree, within ten (10) days after receipt of the notice of the adjustment, with the Adjusting Valuation as determined by the Managing General Partner, then the Managing General Partner shall hire, at Partnership expense, an Investment Banker, acceptable to the Limited Partners by 2/3 Vote, to review the Adjusting Valuation. The Investment Banker shall review the Adjusting Valuation, and shall make any modifications to such Adjusting Valuation it deems necessary, and shall report such modified Adjusting Valuation to the Managing General Partner in a written report within thirty (30) days of its appointment hereunder. The Managing General Partner shall distribute such report to the Limited Partners as promptly as possible thereafter. The modified Adjusting Valuation as provided by the Investment Banker shall be binding on all Partners.

(d) Except as provided in, and only to the extent provided in, Section 4.02(c) above, in the event of an Adjusting Valuation under Section 4.02(b) above, no Partner shall have the right to modify, rectify, or undo such adjustments thereafter, and such adjustments shall be made without the need for any further act or writing to effect any such adjustment. Each Partner hereby appoints the Managing General Partner as his or its duly authorized agent and attorney-in-fact for purposes of preparing and executing any documents or revised exhibits necessary or desirable to reflect any adjustment of Percentage Interests under this Section 4.02. The rights granted to any Partner under this Section 4.02 shall be cumulative and in addition to any other remedy any Partner or the Partnership may have against any Non-Contributing Partner whether such remedy is available at law or in equity. After an adjustment of Percentage Interests under Section 4.02(b), the Managing General Partner shall recalculate each Partner's Indirect Shares in each Securities Type, which shall equal the product of (i) such Partner's Percentage Interest in the Securities Type, multiplied by (ii) the aggregate number of shares (or warrants) of the Security covered by such Securities Type held by the Partnership.

Section 4.03. Voting Interests.

(a) Each Partner shall have a voting interest (each, a "Voting Interest") in each Securities Type held by the Partnership equal to the product of (i) such Partner's Indirect Shares in such Security Type, multiplied by (ii) the Voting Equivalent of such Security Type.

(b) At any time any Partner's Indirect Shares are revised for any reason, the Managing General Partner shall recalculate the Voting Interests for each Partner for each Securities Type at such time.

Section 4.04. Tax Status, Reports, and Allocations.

(a) Notwithstanding any provision contained in this Agreement to the contrary, solely for federal income tax purposes, each of the Partners hereby recognizes that the Partnership will be subject to all provisions of Subchapter K of the Code; provided however, that the filing of United States Partnership Returns of Income shall not be construed to extend the purposes of the Partnership or expand the obligations or liabilities of the Partners.

(b) The Managing General Partner or, at its discretion, an accountant ("Accountant") selected by the Managing General Partner shall prepare or cause to be prepared all tax returns and statements, if any, that must be filed on behalf of the Partnership with any taxing authority and shall timely file such returns or statements.

(c) Except as provided in Section 4.05 hereof, for accounting, federal, state, and local (if any) income tax purposes, the Managing General Partner shall reasonably allocate all Net Profits and Net Losses of the Partnership to the Partners so as to, as nearly as possible, increase or decrease, as the case may be, each Partner's Capital Account to the extent necessary such that each Partner's Capital Account is equal to the amount which such Partner would receive if the Partnership were dissolved, its assets sold for their book basis, its liabilities satisfied in accordance with their terms and all remaining amounts were distributed to the Partners, all in accordance with Section 4.09(e) hereof. The intent of the foregoing allocation is to comply with Regulations Section 1.704-1(b) and ensure that the Partners receive allocations of Net Profits and Net Losses pursuant to this Section 4.04(c) in accordance with their relative interests in the Partnership, with the interest of each Partner in the Partnership determined by reference to such Partner's relative rights to receive distributions from the Partnership pursuant to Section 4.09(e) hereof in respect of the Net Profits of the Partnership and such Partner's relative loss of amounts otherwise distributable to such Partner pursuant to Section 4.09(e) hereof or further obligation to contribute capital to the Partnership pursuant to this Agreement in respect of the Net Losses of the Partnership.

Section 4.05. Minimum Gain and Income Offsets.

(a) Definitions.

(i) "Partner Minimum Gain" shall be "partner nonrecourse debt minimum gain," as defined in Regulations Section 1.704-2(i)(2) and determined in accordance with Regulations Sections 1.704-2(i)(3) and 1.704-2(k).

(ii) "Partner Nonrecourse Debt" has the meaning set forth in Regulations Sections 1.704-2(b)(4) and 1.704-2(i).

(iii) "Partner Nonrecourse Deduction" has the meaning set forth in Regulations Section 1.704-2(i).

(iv) "Partnership Minimum Gain" has the meaning set forth in

Regulations Section 1.704-2(d) and shall be determined in accordance with the provisions of Regulations Section 1.704-2(k).

(v) "Regulations" means the temporary and permanent Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding Regulations).

(b) Minimum Gain.

(i) Notwithstanding any other provision of this Agreement to the contrary, if the Partnership Minimum Gain on the last day of any fiscal year is less than the Partnership Minimum Gain on the last day of the immediately preceding fiscal year, then, before any other allocation of Partnership items for such year under this Agreement, there shall be specially allocated to each Partner items of Partnership income and gain for such year (and, if necessary, subsequent fiscal years) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain (determined in accordance with Regulations Section 1.704-2(g)), subject to the provisions set forth in Regulations Section 1.704-2(f). The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2)(i) and (iii). This Section 4.05(b)(i) is intended to comply with the minimum gain chargeback requirement in Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) Subsequent to any allocations under Section 4.05(b)(i) above, if Partner Minimum Gain on the last day of any fiscal year is less than the Partner Minimum Gain on the last day of the immediately preceding fiscal year, then, except as provided herein, each Partner shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent fiscal years) in an amount equal to that Partner's share, if any, (determined in accordance with Regulations Section 1.704-2(i)(4)) of the net decrease in Partner Minimum Gain (such net decrease to be determined in a manner consistent with the provisions of Regulations Section 1.704-2(d) and 1.704-2(g)(3)). The items to be so allocated shall be determined in accordance with the provisions of Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2)(ii) and (iii). Notwithstanding the foregoing, no such special allocations of income and gain shall be made to the extent that the net decrease in Partner Minimum Gain described above arises because the liability ceases to be Partner Nonrecourse Debt due to a conversion, refinancing, or other change in the debt instrument that causes it to become partially or wholly a nonrecourse liability within the meaning of Regulations Section 1.752-1(a)(2). This Section 4.05(b)(ii) is intended to comply with the chargeback and other provisions of Regulations Section 1.704-2(i) and shall be interpreted consistently therewith.

(c) Notwithstanding any other provision of this Agreement other than Section 4.05(b) hereof, if during any fiscal year any Limited Partner (i) is allocated pursuant to Code Section 706(d) or Regulations Section 1.751-1(b)(2)(ii) any Net Loss, loss, items of loss, deductions, or Code Section 705(a)(2)(B) expenditures, (ii) is distributed any cash or property from the Partnership and such distributions exceed offsetting increases to such Partner's Capital Account that are reasonably expected to occur during such year, or (iii) receives any other adjustment, allocation, or distribution described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5), or (6) and, as a result of such adjustment, allocation, or distribution, such Limited Partner has a Qualified Income Offset Amount (as hereinafter defined), then items of income and gain (including gross income) for such fiscal year or other period (and, if necessary, subsequent fiscal years) shall (prior to any allocation pursuant to Section 4.04 hereof) be allocated to such Limited Partner in an amount equal to his Qualified Income Offset Amount; provided however, that any allocation of income or gain shall be required under this sentence only if and to the extent that such Limited Partner would have a Qualified Income Offset Amount after all other allocations provided for in this Agreement have been tentatively made as if Sections 4.05(b) and (c) were not contained herein. As used herein, the term "Qualified Income Offset Amount" for a Limited Partner means the excess, if any, of (x) the negative balance a Limited Partner has in its Capital Account following the adjustment, allocation, or distribution described in the preceding sentence, over (y) the maximum amount that it is obligated (or is deemed to be obligated) to restore to the Partnership upon liquidation as determined in accordance with Regulations Sections 1.704-2(f), (g), and (i). This Section 4.05(c) is intended to satisfy the provisions of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

Section 4.06. Accounting.

(a) The fiscal year of the Partnership shall end on the last day of December of each year.

(b) The books of account of the Partnership shall be kept and maintained at all times at the principal place of business of the Partnership or at such other place or places approved by the Managing General Partner. The books of account shall be maintained according to federal income tax principles using an acceptable method of accounting, consistently applied, and shall show all items of income and expense.

(c) The Managing General Partner shall cause a balance sheet of the Partnership dated as of the end of the fiscal year and a related statement of income or loss for the Partnership for such fiscal year to be prepared by the Accountant and furnished, at the expense of the Partnership, to each of the Partners on an annual basis, within ninety (90) days after the close of each fiscal year.

(d) Each Partner shall have the right at all reasonable times during usual business hours to audit, examine, and make copies of or extracts from the books of account of the Partnership. Such right may be exercised through any agent or employee of such Partner designated by him or it or by an independent certified public accountant designated by such Partner. Each Partner shall bear all expenses incurred in any examination made on behalf of such Partner.

Section 4.07. Bank Accounts. Funds of the Partnership shall be deposited in a Partnership account or accounts in the bank or banks as selected by the Managing General Partner. Withdrawals from bank accounts shall only be made by the Managing General Partner or such other parties as may be approved by the Managing General Partner.

Section 4.08. Requested Distributions. At any time permitted under the Securities Agreements, any Limited Partner (the "Requestor") may request (the "4.08 Request") in writing that the Partnership sell, on behalf of such Requestor, any or all of such Requestor's Indirect Shares (the "Requested Assets") of either Class B Common Stock or Warrants to Purchase Class B Common Stock; provided that, two written notices shall be given by a Limited Partner who desires to sell both Securities Types listed above. Upon the receipt of a written request under this Section 4.08, the Managing General Partner shall give notice (the "4.08 Notice") to each of the Limited Partners of the 4.08 Request. Within five (5) business days after the 4.08 Notice is given, any of the Limited Partners may also give a 4.08 Request relating to Securities of the Securities Type covered in the original 4.08 Request. As soon as the five day period above has expired, the Managing General Partner shall use reasonable efforts to sell Securities held by the Partnership of the Securities Type and in an amount equal to the Indirect Shares requested to be sold by each Requestor. The Requested Assets actually disposed of shall be treated as Relevant Assets for purposes of Section 4.09. The net proceeds received from such sale shall be distributed between the Managing General Partner and the Requestors in accordance with the provisions of Section 4.09(e); provided that, the Managing General Partner may elect for the Partnership to keep Retained Shares rather than receive cash proceeds for its portion of such distribution; provided further that, for purposes of any distributions under this Section 4.08, each reference to "Partners" or "Other Partners" in Section 4.09(e) shall be deemed to refer only to the Requestors; and provided further that after distributions are made in accordance with Section 4.09(e), as to any Requested Assets that are actually sold, to the extent not already recovered, the Allocable Amount, Priority Return, and Basis Amount on such Requested Assets previously sold shall be treated as recovered in full.

Section 4.09. Distributions to Partners.

(a) In the event a Limited Partner has made a Stock Election in accordance with Section 2.01(d) hereof, the Managing General Partner shall, to the extent possible, not sell such Partner's Percentage Interest share in each Securities Type covered by the Stock Election (the "Withheld Shares"), but shall be permitted to sell the other Securities in the sale notice. Upon a sale triggering the application of this Section 4.09(a), the Managing General Partner shall distribute cash proceeds to each Partner who has not made a Stock Election, and a portion of the Withheld Shares to each Partner who has made a Stock Election, in accordance with the provisions of Section 4.09(e) below; provided that, the Value of the Withheld Shares as of the date of the sale shall be used in determining the application of the distribution categories under Section 4.09(e) below; and provided further that, the Managing General Partner may sell on behalf of itself, distribute in-kind to itself, or treat as Retained Shares its portion of the Withheld Shares which are distributable to it pursuant to and in accordance with the provisions of Section 4.09(e) below.

(b) In the event one or more Limited Partners have made a Call Election in accordance with Section 2.01(e) hereof, the Managing General Partner shall distribute, to the extent possible, the Air Canada shares received (the "AC Shares") to each such Limited Partner based on their relative Percentage Interests in the Security Type(s) transferred to Air Canada, and the cash

proceeds received shall be distributed to the other Partners, all in accordance with the provisions of Section 4.09(e); provided that, the Value of the AC Shares as of the date of the transfer to Air Canada shall be used in determining the application of the distribution categories under Section 4.09(e) below; and provided further that the Managing General Partner may elect to receive cash for itself or distribute in-kind to itself its portion of the AC Shares which are distributable to it pursuant to and in accordance with the provisions of Section 4.09(e) below.

(c) Notwithstanding any provision herein to the contrary, in the event a Partner has requested a distribution of Securities rather than cash proceeds under Sections 4.09(a) or (b) above, the Managing General Partner shall, in its reasonable discretion, allocate a portion of the expenses involved in the disposition transaction to each Partner, including the Partners electing to receive Securities, and may sell the appropriate portion of said Securities otherwise distributable to such Partners with a Value equal to such Partners' share of the expenses or such Partner may elect instead to make a Capital Contribution to the Partnership, in cash, for its share of the expenses in lieu of the sale of Securities (each such Capital Contribution, a "Special Contribution", which shall be treated as a Capital Contribution other than for Expense Capital) and shall reduce the cash proceeds of each such other Partner, in order to pay for the reasonable disposition expenses.

(d) In addition to any other provision provided for herein, the Managing General Partner may distribute funds or other assets of the Partnership (based on their Values at the time of such distribution) subject to any Securities Agreements, at such times and in such amounts as it may determine, in its sole discretion, except that such funds or assets shall be distributed by the Managing General Partner to the Partners in accordance with the provisions of Section 4.09(e); provided that, any reimbursements of any excess funds called for as an Expense Need shall be reimbursed to the Partners in the ratio of their Capital Contributions made to fund such Expense Need. In determining the amount of funds or assets to distribute pursuant to this Section 4.09(d), the Managing General Partner may consider such factors as the need to allocate funds to any reserves for Partnership contingencies or any other Partnership purposes that the Managing General Partner deems necessary or appropriate.

(e) All distributions made hereunder shall be made in accordance with the provisions below; provided that in determining the application of the provisions below, the Managing General Partner shall match such distributable amounts with the specific portion of such Security Type (the "Relevant Assets") that generated such distributable amounts. In the event more than one Security Type is involved in a distribution, the following provisions shall be applied separately for each such Security Type. Distributable funds or assets shall be distributed as follows:

(i) First, to the Partners until a cumulative amount has been distributed hereunder equal to the cumulative Earned Priority Returns to date, to be distributed among the Partners based on their relative Unpaid Priority Returns; and

(ii) Second, to the Partners pro rata by Percentage Interests in the Securities Type disposed of until the Partners have received cumulative distributions under this Section 4.09(e)(ii) equal to the cumulative amount of the Allocable Amount of the Relevant Assets;

(iii) Third, to the Partners until the Partners have received cumulative distributions under Section 4.09(e)(ii) and this Section 4.09(e)(iii) equal to the total of the Cumulative Basis Amounts to date, to be distributed among the Partners based on their relative Unpaid Cumulative Basis Amounts; and

(iv) Finally, (i) twenty percent (20%) to the Managing General Partner, and (ii) eighty percent (80%) to the Other Partners, to be distributed among such Other Partners pro rata by their Percentage Interests in the relevant Securities Type.

(f) In the event Air II is appointed Managing General Partner hereunder due to the withdrawal or removal of 1992 Air as a General Partner, then

(i) 1992 Air shall transfer a nine-tenth of one percent (0.9%) Percentage Interest interest (the "Shifted Interest") to Air II in each Securities Type and such interest shall be a General Partner interest,

(ii) 1992 Air shall become a Limited Partner, and Air II shall no longer be an Other Partner, and

(iii) Section 4.09(e)(iv) shall be reformed and amended to read as follows:

(iv) Finally, (1) one percent (1.0%) to the Managing General Partner, (ii) nineteen and one-tenth percent (19.1%) to 1992 Air, and (iii) seventy-nine and nine-tenths percent (79.9%) to the Other Partners excluding 1992 Air, to be distributed among such Other Partners (excluding 1992 Air) pro rata by the ratio of their Percentage Interests in the relevant Securities Type.

(g) In the event neither 1992 Air nor Air II are General Partners of the Partnership, then

(i) Both 1992 Air and Air II shall become Limited Partners, and

(ii) Section 4.09(e)(iv) shall be reformed and amended to read as follows:

(iv) Finally, each Partner shall be distributed any additional amounts in the ratio of their Percentage Interests in such Securities Type.

Section 4.10. Changes in Percentage Interests. If a Partner's Percentage Interest changes during any fiscal year, the allocations to be made pursuant to this Agreement shall be made in accordance with Section 706 of the Code, using any convention permitted by Section 706 of the Code and the Regulations promulgated thereunder and selected by the Managing General Partner so as to equitably effectuate the allocations of this Article IV.

ARTICLE V

ASSIGNMENT

Section 5.01. Prohibited Transfers.

(a) Except for Permitted Transfers as provided in (b) below, or as specifically provided in Sections 6.04 or 8.01, no Partner may sell, transfer, assign, mortgage, hypothecate, or otherwise encumber or permit or suffer any encumbrance of all or any part of his or its interest in the Partnership. Any attempt so to transfer or encumber any such interest shall be null and void, ab initio. The Partners will be excused from accepting the performance of and rendering performance to any person other than the Partner hereunder (including any trustee or assignee of or for such Partner) as to whom such transfer is not permitted hereunder. Notwithstanding any other provision herein to the contrary, no transfer of any interest in the Partnership may be made to any person or entity unless such person or entity is a "citizen of the United States" as that term is defined in Section 101(6) of the Federal Aviation Act of 1958, as amended (49 App. U.S.C. Section 1301(16)).

(b) Any Partner may at any time transfer any or all of his or its interest to the following (each, a "Permitted Transfer") without the need for any further consents; provided that, the transferee or assignee of such interest shall be admitted as a Partner hereof only if Approved by the Partners (each a "Transferee Partner"), such approval to be made or withheld in the sole discretion of the Partners:

(i) To any Affiliate of any Partner;

(ii) In the case of an individual Partner, to any descendant or the spouse of such Partner or to a trust for the benefit of any descendant or the spouse of such Partner;

(iii) In the case of a non-individual Partner, to any individual constituent partner of such Partner, or to any descendant or the spouse of any such constituent partner, or to a trust for the benefit of any descendant or the spouse of any such constituent partner; or

(iv) To any other Partner.

Section 5.02. Further Restrictions on Transfer. In the event of any transfer or transfers permitted under Sections 5.01, 6.04 or 8.01, the interest so transferred shall remain subject to all terms and provisions of this Agreement; the assignee or transferee shall be deemed, by accepting the interest so transferred, to have assumed all the obligations hereunder relating to the interests or rights so transferred (including, but not limited to, Section 7.04), and shall agree in writing to the foregoing. Such transferee or assignee shall be subject to the Additional Capital Contribution provisions of Article III and that the Percentage Interests, Indirect Shares, and Voting Interests of such transferee or assignee shall be subject to reallocation pursuant to Article IV in the event of an Adjusting Event. After the admission of an assignee or transferee as a Partner, such transferor Partner shall only be primarily and directly liable under the Agreement or otherwise for any obligations or liabilities accruing prior to the effective time of the

admission of such transferee as a Partner, unless such transferor Partner is released in writing from such obligations or liabilities as Approved by the Partners.

Section 5.03. Basis Adjustment. A transferor Partner may cause the Tax Matters Partner to elect on behalf of the Partnership pursuant to Section 754 of the Code and the Regulations thereunder to adjust the basis of the Partnership Assets as provided by Sections 743 or 734 of the Code and the Regulations thereunder.

Section 5.04. Admission of Additional Partners.

(a) A new partner (each, a "New Partner") may be admitted to the Partnership (i) prior to the acquisition of the Securities, by the Managing General Partner, provided that such New Partner may be admitted on terms no more favorable than those given to American General Corporation, (ii) after the acquisition of the Securities, when Approved by the Partners, and (iii) pursuant to the provisions of Section 3.01(b) if such person is a Make-Up New Partner; provided however, that such New Partner shall (i) be admitted for fair value, as determined by the Managing General Partner in its reasonable discretion and in a manner consistent with the reallocation provisions of Section 4.02(b), and (ii) execute an appropriate supplement to the Agreement pursuant to which he agrees to be bound by all the terms and provisions of this Agreement; provided further that a Partner admitted as a Transferee Partner shall not be treated as a New Partner hereunder except as provided under Section 5.01(b) hereof.

(b) Upon the receipt of the supplement described in Section 5.04(a), the Managing General Partner shall reflect the admission of the New Partner and the reallocation of Percentage Interests, Indirect Shares, and Voting Interests by preparing the appropriate supplement to this Agreement, dated as of the date of such admission, and filing it with the records of the Partnership. The admission of a New Partner shall not cause the dissolution of the Partnership. Upon the admission of a New Partner pursuant to Section 5.04(a), the Percentage Interests, Indirect Shares, and Voting Interests shall be reallocated, with the Partners receiving the Percentage Interests, Indirect Shares, and Voting Interests determined in accordance with Article IV.

Section 5.05. Other Restricted Transfers. Notwithstanding any other provision herein to the contrary, unless prior written consent is given by the Managing General Partner, no transfer of any interest in the Partnership may be made to any person who is related (within the meaning of Regulations Section 1.752-4(b)) to any lender of the Partnership whose loan constitutes a nonrecourse liability of the Partnership.

ARTICLE VI

WITHDRAWAL, DISSOLUTION, AND TERMINATION

Section 6.01. Withdrawal. No Partner shall at any time retire or withdraw from the Partnership except as provided in Sections 6.04 and 8.01 hereof. Retirement or withdrawal by any Partner in contravention of this Section 6.01 shall subject such Partner to liability for all damages caused any other Partner (other than a Partner who is, at the time of such withdrawal, in default under this Agreement) by such retirement or withdrawal and the consequential dissolution of the Partnership.

Section 6.02. Dissolution of the Partnership. The Partnership shall be dissolved upon the occurrence of any of the following:

(a) The withdrawal, as defined in the Act, of a General Partner, unless:

(i) the remaining General Partner, if any, elects in writing within ninety (90) days after such event to reconstitute the Partnership, to continue as the General Partner, to continue the Partnership and its business, and to serve as successor Managing General Partner, or

(ii) if there is no remaining or Successor General Partner (as defined in Section 8.01), within ninety (90) days after such event, all of the Limited Partners agree to appoint in writing a successor General Partner, as of the date of the withdrawal of the General Partner, and agree to reconstitute the Partnership and to continue the Partnership and its business, and such successor General Partner agrees in writing to accept such election, or

(iii) the withdrawal of the General Partner resulted from its removal by the Limited Partners as provided in Section 8.01 if there is a remaining General Partner, or if not, a Successor General Partner is appointed by the Limited Partners as provided in Section 8.01; with such remaining General Partner or Successor General

Partner automatically being appointed the Managing General Partner; provided that, if 1992 Air withdraws as a General Partner for any reason other than an action taken by or omitted to be taken by Air Saipan, a partner of Air Inc., then Air II shall also withdraw as a General Partner as of the same date, and is hereby permitted to withdraw as a General Partner, and Air II shall become a Limited Partner;

(b) The sale or other disposition, not including an exchange, of substantially all of the assets of the Partnership (except under circumstances where all or a portion of the purchase price is payable after the closing of the sale or other disposition);

(c) September 25, 1999, unless extended by the consent of all Partners; provided that, in the event Limited Partners holding more than a majority of the Voting Interests so determine, such date shall be changed to September 25, 1997;

(d) Subject to any obligations of the Partnership, when the Managing General Partner has reasonably determined that the Partnership will not be able to obtain the Initial Securities; provided that, the right to call for Expense Capital to pay for Uncompleted Acquisition Costs shall survive a dissolution hereunder subject to the expiration of such call right under Section 3.01(b); or

(e) The Incapacity of David Bonderman or James G. Coulter.

In the event any Partner becomes a successor Managing General Partner, such Partner shall represent and warrant to each Partner and the Partnership that it has sufficient substance for Federal income tax purposes, and it shall present a tax opinion to such effect to the Limited Partners from tax counsel acceptable to the Limited Partners by a 2/3 Vote. In the event such Partner will not or cannot give such representation within ten (10) days after being appointed successor Managing General Partner, then the Partnership shall immediately dissolve. Except as provided in Section 6.02(d) above, nothing contained in this Section 6.02 is intended to grant to any Partner the right to dissolve the Partnership at will (by retirement, resignation, withdrawal, or otherwise) or to exonerate any Partner from liability to the Partnership and the remaining Partners if he or it dissolves the Partnership at will.

Section 6.03. Continuation and Reconstitution of Partnership. If the Partnership is continued as provided in Section 6.02(a)(i), (ii), or (iii), then, as of the date of withdrawal, the General Partner with respect to which an event of withdrawal under Section 6.02 has occurred (or his or its estate or successor in interest) (the "Withdrawing General Partner") shall have none of the powers of a General Partner under the Agreement or applicable law and shall have only the rights and powers of an assignee of a Partner hereunder to share in any Partnership profits, losses, gains, and distributions in accordance with his or its Percentage Interest and shall have no other rights or powers of a Partner hereunder; provided however, that any Withdrawing General Partner shall be subject to the Additional Capital Contribution provisions of Article III, that the Percentage Interests, Indirect Shares, and Voting Interest of such Withdrawing General Partner shall be subject to reallocation under Article IV in the event of any Adjusting Event, and that any Withdrawing General Partner who was removed by the Limited Partners pursuant to Section 8.01 shall automatically become a Limited Partner as provided in Section 8.01.

Section 6.04. Death, etc. of a Limited Partner; Divorce of a Partner.

(a) The death, disability, withdrawal, termination (in the case of a Limited Partner that is a partnership or a trust), dissolution (in the case of a Limited Partner that is a corporation), retirement, or adjudication as a bankrupt of a Limited Partner (the "Withdrawing Limited Partner") shall not dissolve the Partnership, but, subject to the provisions of Section 6.04(b), the rights of such Limited Partner to share in the profits and losses of the Partnership and to receive distributions of Partnership funds shall, upon the happening of such an event, pass to the Limited Partner's estate, legal representative, or successors in interest, as the case may be, subject to the Agreement, and the Partnership shall continue as a limited partnership.

(b) Upon the occurrence of an event described in Section 6.04(a), the Managing General Partner shall continue the Partnership business, with, at the Managing General Partner's election (i) the successors, assigns, heirs, devises, beneficiaries, estate, or other transferee of such Limited Partner (collectively, the "Distributees") as provided in Section 6.04(c) or (ii) the Partnership purchasing the interest of such Limited Partner from all of his or its Distributees as provided in Section 6.04(d).

(c) If the Managing General Partner elects to proceed pursuant to Section 6.04(b)(i), the Distributees of such Limited Partner shall succeed to his or

its interest in the Partnership, shall be admitted as Limited Partners, and shall be bound by the terms and provisions of the Agreement; provided however, if the interest of such Limited Partner passes, either at the time of an occurrence described in Section 6.04(a) or subsequent thereto, to more than one Distributee, then within sixty (60) days after the distribution to more than one Distributee, the Distributees shall appoint one person, firm, or corporation as the agent of and for such Distributees (the "Agent"). Such Agent shall be responsible for collecting, receiving, and making all payments and Additional Capital Contributions required under this Agreement, shall vote the entire interest of the Distributees if such vote is required by the Agreement, the Act, or applicable law, and shall perform all other obligations of such Distributees performable by reason of or arising from their interest in the Partnership as Limited Partners. All payments and/or disbursements due to the Distributees for or arising from their interest in the Partnership shall be deemed to have been validly made to such Distributees by paying the same to such Agent. In the event that the Distributees for any reason fail to designate such agent in writing in the manner and within the time prescribed and fail to cure such default after ten (10) days written notice from the Managing General Partner to correct such default, the Managing General Partner shall retain any funds or property otherwise distributable to such Distributees under this Agreement and shall appoint an Agent of and for the Distributees. To the fullest extent allowed by applicable law, the defaulting Distributees will indemnify, defend, and hold harmless such Agent, the General Partners, and the Partners from and against any losses, expenses, judgments, fines, settlements, and damages incurred by any of them with respect to the provisions of this Section 6.04(c).

(d) If the Managing General Partner elects to proceed pursuant to Section 6.04(b)(ii), then the Managing General Partner shall cause the Partnership to purchase the interest of such Limited Partner in the Partnership from his or its Distributees at a price equal to the fair market value of such interest, as determined in the reasonable discretion of the Managing General Partner; provided that, such valuation shall be made in accordance with and subject to the provisions of Section 1.08(kk) hereof.

(e) If, upon the divorce of any individual Partner, the spouse of any such Partner receives an interest in the Partnership pursuant to the terms of any divorce property settlement agreement, divorce decree, or otherwise, then the Partnership shall have the right, but not the obligation, as determined by the Managing General Partner, to purchase the interest of such spouse in the Partnership at a price equal to the fair market value of such interest, as determined in the reasonable discretion of the Managing General Partner; provided that, such valuation shall be made in accordance with and subject to the provisions of Section 1.08(kk) hereof.

Section 6.05. Termination of Partnership.

(a) Upon dissolution of the Partnership unless continued pursuant to Section 6.02, the Partnership shall be terminated as rapidly as business circumstances will permit. At the direction of the Managing General Partner, or a Partner Approved by the Partners if the dissolution of the Partnership is caused by the withdrawal (which does not include the dissolution of the Partnership by the Managing General Partner under Section 6.02(d) hereof) of the Managing General Partner (the Managing General Partner or the other Partner, as the case may be, being herein called the "Terminating Partner"), a full accounting of the assets and liabilities of the Partnership shall be taken and a statement of the Partnership Assets and a statement of each Partner's Capital Account shall be furnished to all Partners as soon as is reasonably practicable. The Terminating Partner shall take such action as is necessary so that the Partnership's business shall be terminated, its liabilities discharged, and its assets distributed as hereinafter described. Except as otherwise provided for herein, the Terminating Partner may sell all of the Partnership Assets or distribute the Partnership Assets in kind; provided however, that the Terminating Partner shall ascertain the Value of all Partnership Assets remaining unsold and each Partner's Capital Account shall be charged or credited, as the case may be, as if such Partnership Assets had been sold at such Value and the income, gains, losses, deductions, and credits realized thereby had been allocated to the Partners in accordance with Article IV hereof. In the event that the Terminating Partner distributes any assets on an in-kind basis to any Partners and such assets are subject to any Securities Agreements, such assets shall, to the extent applicable, remain subject to such Securities Agreements upon their distribution hereunder, and the Partner receiving such assets shall agree to abide by any applicable provisions of any Securities Agreements. A reasonable period of time shall be allowed for the orderly termination of the Partnership to minimize the normal losses of a liquidation process.

(b) After the payment of all expenses of liquidation and of all debts and liabilities of the Partnership in such order or priority as provided by law (including any debts or liabilities to Partners, who shall be treated as secured or unsecured creditors, as may be the case, to the extent permitted by

law, for sums loaned to the Partnership, if any, as distinguished from capital contributions) and after all resulting items of Partnership income, gain, credit, loss, or deduction are credited or debited to the capital accounts of the Partners in accordance with Articles III and IV hereof, all remaining Partnership Assets shall then be distributed among the Partners in accordance with the distribution provisions of Section 4.09(e) hereof. Upon termination, a Partner may not demand and receive cash in return for such Partner's capital contributions and no Partner shall have any obligation to restore any deficit that may then exist in that Partner's Capital Account. Prior to the liquidation and termination of the Partnership, each Partner may request that to the extent possible and permissible under the Securities Agreements, the Partnership distribute Securities to such Partner for its liquidating distributions under this Section 6.05(b) in lieu of cash or any other assets.

Section 6.06. General Partners Not Personally Liable for Return of Capital Contributions. No General Partner nor any Affiliate of any General Partner shall be personally liable for the return of the Capital Contributions of any Partner, and such return shall be made solely from available Partnership Assets, if any, and each Limited Partner hereby waives any and all claims it may have against any General Partner or any such Affiliate in this regard.

Section 6.07. Provisions Cumulative. All provisions of this Agreement relating to the dissolution, liquidation, and termination of the Partnership shall be cumulative to the extent not inconsistent with other provisions herein; that is, the exercise or use of one of the provisions hereof shall not preclude the exercise or use of any other provision of this Agreement to the extent not inconsistent therewith.

ARTICLE VII

REPRESENTATIONS & WARRANTIES

Section 7.01. Representations, Warranties, and Covenants of the General Partners. Each General Partner, for the benefit of the Partnership, each other General Partner, and the Limited Partners, hereby represents and warrants as follows:

(a) Valid Existence. The General Partner has been duly organized and is validly existing and in good standing under the laws of its jurisdiction of organization, with full power and authority to own property and conduct business as contemplated hereby.

(b) Binding Obligations. The execution and delivery of this Agreement by the General Partner and the General Partner's performance hereof and the transactions contemplated hereby have been duly authorized by the requisite action on the part of General Partner and no other authorization or consent is required for the execution and performance hereof.

(c) No Conflict. The execution and delivery and performance by the General Partner of this Agreement will not violate, be in conflict with, or constitute a default under the General Partner's Articles of Incorporation, By-Laws, partnership agreement, or any other corporate or partnership document or resolution, any agreement or commitment to which it is a party, or with respect to which any of its assets are bound, or violate any statute or law or any judgment, decree, order, regulation, or rule of any court or other governmental body.

(d) Brokers. The General Partner indemnifies and holds harmless the Partnership and the Limited Partners and their Affiliates, agents, and assignees from any and all claims of any real estate broker, rental agent, finder, syndicator, or other intermediary retained by the General Partner or its Affiliates with respect to the acquisition of its Partnership interest.

(e) Ownership. At least fifty-one percent (51%) of the General Partner is and shall continue to be owned directly or indirectly by David Bonderman and James G. Coulter.

(f) Other Opportunities. Air Inc., which is a partner of 1992 Air, shall offer to each of the Limited Partners the opportunity to participate, on a pro rata basis, in any Related Investment Opportunities (as defined below) which may be made by Air Inc., Air II, David Bonderman, or James G. Coulter. For purposes of this Section 7.01(f), a Related Investment Opportunity shall mean (i) any investment in any equity or debt securities, other than those acquired through the Partnership, of any type of New Continental or (ii) any other investment in any reorganization, restructuring, merger, acquisition, or other combination by and between New Continental and any other airline.

(g) Throughout the term of the Partnership, David Bonderman and James G. Coulter will maintain a minimum net worth in Air Inc. equal to Five Hundred Thousand Dollars ($500,000) aside from any interest, receivable, or credit held by Air Inc. in or against 1992 Air or the Partnership. Such net worth may be

in the form of cash, assets, subscription agreements, or demand notes, or any combination thereof.

Section 7.02. Mutual Representations, Warranties, and Covenants of the Partners. As of the date hereof, each Partner hereby represents, warrants, and covenants to the Partnership and to the other Partners that:

(a) Investment Intent. Such Partner is acquiring an interest in the Partnership for its own account, for investment, and not with the view to a sale of such interest in connection with any distribution of interests in the Partnership;

(b) Sophistication. Such Partner, alone or with its professional advisors, has the educational, financial, and business background and knowledge so as to be capable of evaluating the merits and risks of an investment in the Partnership, and has the capacity to protect its own interests in making this investment;

(c) Regulatory Approval. Such Partner understands that neither the Securities and Exchange Commission nor any state regulatory agency has passed upon or endorsed the merits of an investment in the Partnership;

(d) Registration. Such Partner understands that its Partnership interest has not been and will not be registered pursuant to the Securities Act of 1933, as amended, or any applicable state securities laws, and is being issued pursuant to an exemption therefrom;

(e) Transfer Restrictions. Such Partner understands that there are substantial restrictions on the transferability of the Partnership interests and the Partnership interests will not be, and such Partner has no right to require that they be, registered or qualified under the Securities Act of 1933, as amended, and/or any applicable state securities laws. Such Partner understands that there will be no public market for its Partnership interest; and

(f) Advisors. Such Partner has been afforded the opportunity to seek and rely upon the advice of its own attorney, accountant, or other professional advisor in connection with an investment in the Partnership and the execution of this Agreement.

Section 7.03. Representations, Warranties, and Covenants of the Limited Partners. Each Limited Partner, for the benefit of the Partnership, the General Partners, and each other Limited Partner hereby represents and warrants to the other Partners and each of them as follows:

(a) Valid Existence. If the Limited Partner is an entity, the Limited Partner has been duly organized and is validly existing and in good standing under the laws of its jurisdiction of organization, with full power and authority to own property and conduct business as contemplated hereby.

(b) Binding Obligation. The execution and delivery of the Agreement by the Limited Partner and the Limited Partner's performance hereof and the transactions contemplated hereby have been duly authorized by the requisite action on the part of Limited Partner, and no other authorization or consent is required for the execution and performance hereof.

(c) No Conflict. The execution and delivery and performance by the Limited Partner of this Agreement will not violate, be in conflict with, or constitute a default under the Limited Partner's Articles of Incorporation, By-Laws, partnership agreement, or any other corporate or partnership document or resolution, any agreement or commitment to which it is a party, or with respect to which any of its assets are bound, or violate any statute or law or any judgment, decree, order, regulation, or rule of any court or other governmental body.

(d) Brokers. The Limited Partner indemnifies and holds harmless the Partnership and the General Partners and their Affiliates, agents, and assignees from any and all claims of any real estate broker, rental agent, finder, syndicator, or other intermediary retained by the Limited Partner or its Affiliates with respect to the acquisition of its Partnership interest or the events or transactions contemplated by the Partnership and this Agreement.

(e) Financial Capacity. The Limited Partner has the financial capacity to make the Capital Contributions required of it hereunder, or an Affiliate of such Limited Partner has agreed to guarantee such Limited Partner's financial performance hereunder.

(f) Citizenship. The Limited Partner is, and shall at all times be, a "citizen of the United States" as that term is defined in Section 101(6) of the Federal Aviation Act of 1958, as amended (49 App. U.S.C. Section 1301(16)).

Section 7.04. Further Representations. Each of the Partners represents that either (a) the number of persons beneficially owning securities of such Partner for purposes of Section 3(c)(1) of the Investment Company Act is not greater than ten (10), or (b) after giving effect to such Partner's investment in the Partnership, the value of all securities owned by the Partner of all issuers that are or would (except for the exception set forth in Section 3(c)(1)(A) of the Investment Company Act) be excluded from the definition of investment company solely by virtue of Section 3(c) of such Act, does not exceed 10% of such Partner's total assets. Each of the Partners who has made the representation in (a) above hereby further covenants that any time there is any change in such number, such Partner shall immediately notify the Managing General Partner, provided however, that each Partner further covenants not to increase the number of Persons beneficially owning securities of such Partner for purposes of Section 3(c)(1) of the Investment Company Act in excess of ten (10) without the prior written consent of the Managing General Partner.

Section 7.05. Survival of Representations and Warranties. The representations and warranties made pursuant to this Article VII shall survive the execution and delivery of this Agreement.

ARTICLE VIII

GENERAL

Section 8.01. Removal and Replacement of General Partner.

(a) In the event either General Partner breaches the representation made by it under Section 7.01(e) hereof relating to its ownership or its representation under 7.01(g) hereof relating to capitalization, then such General Partner may be removed upon the affirmative 2/3 Vote of the Limited Partners by sending such General Partner a written notice of such removal. In the event of the removal of a General Partner, if there is no other General Partner either a successor General Partner ("Successor General Partner") shall be selected as Approved by the Partners, or the Partnership shall immediately be dissolved. In the event a Successor General Partner is selected, then, by Approval of the Partners, the Limited Partners shall have the right to transfer a portion of their interests to such Successor General Partner and such interest shall be converted to that of a general partner. If it is necessary to appoint a Successor General Partner, the removal of the General Partner will not be effective until the Successor General Partner has been admitted to the Partnership as a General Partner, such admission to be by Approval of the Partners. After the admission of the Successor General Partner, the Successor General Partner shall have all the rights, powers, and obligations of a General Partner under this Agreement and all references in this Agreement to the "General Partner" shall include the Successor General Partner appointed in this Section 8.01. Third parties shall be conclusively deemed entitled to rely upon the representation of 1992 Air that 1992 Air is the Managing General Partner of the Partnership unless such third parties have actual notice of its replacement.

(b) Following the replacement of a General Partner, such Partner's interest shall automatically be converted into a Limited Partner's interest. In addition,

(i) If either 1992 Air or Air II remains a General Partner after the removal, then subject to the Shifted Interest, the former General Partner shall receive a Limited Partner's Percentage Interest (the "Converted Interest") in each Securities Type in the Partnership, and corresponding Indirect Shares in each Securities Type equal to the Percentage Interests and Indirect Shares in each Securities Type the former General Partner had as a General Partner.

(ii) In the event neither 1992 Air nor Air II remains a General Partner then, a valuation of the Partnership shall be made by an Investment Banker chosen by 1992 Air and Air II and Approved by the Partners. The Investment Banker shall determine the current net fair market value of the Partnership (the "Market Value"); provided that the value of all Securities shall be their Value determined in accordance with Section 1.08(kk) hereof (with the term "Managing General Partner" being replaced with "Investment Banker" in (D) thereof), with an adjustment in the Values for any appropriate market premium or discount. Thereafter, the Investment Banker shall determine what each Partner would receive (such Partner's "Reception Amount") if the Partnership sold all of its assets and made distributions to the Partners equal to the Market Value pursuant to Section 4.09(e). Immediately thereafter, each Partner will be reallocated a Percentage Interest in and Indirect Shares in each Securities Type equal to the ratio of such Partner's Reception Amount to the Market Value; provided that, if both 1992 Air and Air II are Partners, then as between 1992 Air and Air II, Air II shall receive a one-tenth of one percent (0.1%) Percentage Interest (and

corresponding Indirect Shares) in each Securities Type, and 1992 Air shall receive the remaining Percentage Interest and Indirect Shares cumulatively allocated to 1992 Air and Air II.

(c) The Managing General Partner shall have the authority to execute and file all documents necessary to signify such conversion. Each removed General Partner hereby appoints each other General Partner as his or its attorney-in-fact to execute and file all documents signifying such conversion including, without limitation, an amendment to the Certificate of Limited Partnership. Notwithstanding any other provision herein to the contrary, if required under any Securities Agreement, the removed General Partner shall continue to hold Securities for the benefit of the Partnership, even after its removal in accordance with this Section 8.01. The remedy provided in Section 8.01(a) shall be the sole and exclusive remedy of the Limited Partners in the event a General Partner breaches its representation under Section 7.01(e) or (g).

(d) This Section 8.01 may not be amended nor may any other provision relating to the removal of a General Partner be added hereto, unless approved pursuant to Section 2.01(b)(2) hereof.

Section 8.02. Competing Business. Except as provided in Section 7.01(f) hereof, but otherwise notwithstanding anything to the contrary contained in or inferable from this Agreement, the Act, or any other statute or principle of law, neither the Partners nor any of their shareholders, directors, officers, employees, partners, agents, family members, or affiliates (each a "Partner Affiliate") shall be prohibited or restricted in any way from investing in or conducting, either directly or indirectly, and may invest in and/or conduct, either directly or indirectly, businesses of any nature whatsoever, including the ownership and operation of businesses or properties similar to or in the same geographical area as those held by the Partnership. Except as provided in Section 7.01(f) hereof, each of the Partners or their Affiliates may, without owing any obligation to any other Partner or the Partnership, purchase and otherwise deal in securities of any type of New Continental outside of the Partnership and each Partner or its Affiliates may participate in, commit funds to, or otherwise become involved with any other entity which may attempt to acquire control of New Continental, even if such entity is in direct competition with the Partnership and the Partnership's efforts to acquire the Securities. Any investment in or conduct of any such businesses by a Partner or any Partner Affiliate shall not give rise to any claim for an accounting by the other Partners or the Partnership or any right to claim any interest therein or the profits therefrom.

Section 8.03. Notice.

(a) All notices, demands, or requests provided for or permitted to be given pursuant to this Agreement must be in writing.

(b) All notices, demands, and requests to be sent to a Partner or any Distributee(s) (or their Agent) of the interest of a Partner pursuant to this Agreement shall be deemed to have been properly given or served if: (i) personally delivered, (ii) deposited prepaid for next day delivery by a nationally recognized overnight courier service, addressed to such Partner, (iii) deposited in the United States mail, addressed to such Partner, prepaid and registered or certified with return receipt requested, or (iv) transmitted via telecopier or other similar device to the attention of such Partner.

(c) All notices, demands, and requests so given shall be deemed received: (i) when personally delivered, (ii) twenty-four (24) hours after being deposited for next day delivery with an overnight courier, (iii) forty-eight (48) hours after being deposited in the United States mail, or (iv) twelve (12) hours after being telecopied or otherwise transmitted and receipt has been confirmed.

(d) The Partners and their respective Distributee(s)(or their Agent) shall have the right from time to time, and at any time during the term of this Agreement, to change their respective addresses and each shall have the right to specify as his or its address any other address within the United States of America by giving to the other parties at least thirty (30) days written notice thereof, in the manner prescribed in Section 8.03(b); provided however, that to be effective, any such notice must be actually received (as evidenced by a return receipt).

(e) All distributions to any Partner shall be made at the address at which notices are sent unless otherwise specified in writing by any such Partner.

Section 8.04. Amendments. Amendments and supplements may be made to or restatements made of this Agreement or the Certificate of Limited Partnership (or any exhibits or schedules attached to any of them), from time to time by the Managing General Partner, without the consent of any of the other Partners,

to effect any Major Decisions Approved by the Partners or any amendments which amend the Agreement to admit Make-Up New Partners, to reflect the removal and replacement of a General Partner, to reflect adjustments to the Percentage Interests, Indirect Shares, and Voting Interests of the Partners following an Adjusting Event, to reflect other transfers, assignments, admissions, withdrawals, conversions, or removals authorized by the Agreement, or to effect any non-material amendments to the Agreement or the Certificate of Limited Partnership.

Section 8.05. Powers of Attorney. Each Limited Partner hereby constitutes and appoints each Managing General Partner, with full power of substitution, as his or its true and lawful attorney-in-fact and empowers and authorizes such attorney, in the name, place, and stead of such Limited Partner, to make, execute, sign, swear to, acknowledge, and file in all necessary or appropriate places all documents (and all amendments or supplements to or restatements of such documents necessitated by valid amendments to or actions permitted under the Agreement) relating to the Partnership and its activities, including, without limitation: (a) the Agreement and any amendments thereto approved as provided in this Agreement, (b) the Certificate of Limited Partnership and any amendments thereto, under the laws of the State of Texas or in any other state or jurisdiction in which such filing is deemed advisable by such Managing General Partner, (c) any applications, forms, certificates, reports, or other documents, or amendments thereto which may be requested or required by any federal, state, or local governmental agency, securities exchange, securities association, self-regulatory organization, or similar institution and which are deemed necessary or advisable by such Managing General Partner, (d) any other instrument which may be required to be filed or recorded in any state or county or by any governmental agency, or which such Managing General Partner deems advisable to file or record, including, without limitation, certificates of assumed name and documents to qualify foreign limited partnerships in other jurisdictions, (e) any documents which may be required to effect the continuation of the Partnership, the admission of New Partners, Make-Up New Partners, or Distributees, the withdrawal of any Partner, the purchase of the interest in the Partnership of any ex-spouse of a Partner, or the dissolution and termination of the Partnership, (f) making certain elections contained in the Code or state law governing taxation of limited partnerships, and (g) performing any and all other ministerial duties or functions necessary for the conduct of the business of the Partnership. Each Limited Partner hereby ratifies, confirms, and adopts as his or its own, all actions that may be taken by such attorney-in-fact pursuant to this Section 8.05. Each Limited Partner acknowledges that this Agreement permits amendments to be made and certain other actions to be taken or omitted to be taken by less than all of the Partners if approved by certain percentages of the Partners. By their execution hereof, each Limited Partner also grants each Managing General Partner a power of attorney to execute any and all documents necessary to reflect any action that is Approved by the Partners. This power of attorney is coupled with an interest and shall continue notwithstanding the subsequent incapacity or death of the Limited Partner. Each Limited Partner shall execute and deliver to the Managing General Partner an executed and appropriately notarized power of attorney in such form consistent with the provisions of this Section 8.05 as the Managing General Partner may request.

Section 8.06. Governing Laws and Venue. This Agreement is made in Fort Worth, Tarrant County, Texas, and the rights and obligations of the Partners hereunder shall be interpreted, construed, and enforced in accordance with the laws of the State of Texas. All matters litigated by, among, or between any of the Partners that involve this Agreement, the relationship of the Partners, or any related documents or matters hereunder shall be brought only in Fort Worth, Tarrant County, Texas.

Section 8.07. Rule of Construction. The general rule of construction for interpreting a contract, which provides that the provisions of a contract should be construed against the party preparing the contract, is waived by the parties. Each party acknowledges that he or it was represented by separate legal counsel in this matter who participated in the preparation of this Agreement or he or it had the opportunity to retain counsel to participate in the preparation of this Agreement but chose not to do so.

Section 8.08. Entire Agreement. This Agreement, including all exhibits to this Agreement and, if any, exhibits to such exhibits, contains the entire agreement among the parties relative to the matters contained in this Agreement.

Section 8.09. Waiver. No consent or waiver, express or implied, by any Partner to or for any breach or default by any other Partner in the performance by such other Partner of his or its obligations under this Agreement shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other Partner of the same or any other obligations of such other Partner under this Agreement. Failure on the part of any Partner to complain of any act or failure to act of any of the other

Partners or to declare any of the other Partners in default, regardless of how long such failure continues, shall not constitute a waiver by such Partner of his or its rights hereunder.

Section 8.10. Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to other persons or circumstances shall not be affected thereby, and the intent of this Agreement shall be enforced to the greatest extent permitted by law.

Section 8.11. Binding Agreement. Subject to the restrictions on transfers and encumbrances set forth in this Agreement, this Agreement shall inure to the benefit of and be binding upon the undersigned Partners and their respective legal representatives, successors, and assigns. Whenever, in this Agreement, a reference to any party or Partner is made, such reference shall be deemed to include a reference to the legal representatives, successors, and assigns of such party or Partner.

Section 8.12. Tense and Gender. Unless the context clearly indicates otherwise, the singular shall include the plural and vice versa. Whenever the masculine, feminine, or neuter gender is used inappropriately in this Agreement, this Agreement shall be read as if the appropriate gender was used.

Section 8.13. Captions. Captions are included solely for convenience of reference and if there is any conflict between captions and the text of this Agreement, the text shall control.

Section 8.14. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original for all purposes and all of which when taken together shall constitute a single counterpart instrument. Executed signature pages to any counterpart instrument may be detached and affixed to a single counterpart, which single counterpart with multiple executed signature pages affixed thereto constitutes the original counterpart instrument. All of these counterpart pages shall be read as though one and they shall have the same force and effect as if all of the parties had executed a single signature page.

Each of the undersigned has executed and delivered this Agreement in Fort Worth, Texas, to be effective as of the date set forth above.

GENERAL PARTNERS

1992 AIR GP, a Texas general partnership

By: 1992 Air, Inc., a Texas
corporation, general partner

2800 First City Bank Tower
201 Main Street
Fort Worth, Texas 76102

By: /s/ 1992 AIR, INC.
Title:

AIR II GENERAL, INC., a Texas
corporation

2800 First City Bank Tower
201 Main Street
Fort Worth, Texas 76102

By: /s/ AIR II GENERAL, INC.
Title:

WITHDRAWING NOMINEE LIMITED PARTNER

2800 First City Bank Tower
201 Main Street
Fort Worth, Texas 76102

JAMES G. COULTER, As Nominee
Limited Partner

SIGNATURES

SOLELY WITH RESPECT TO
THE SECTION 7.01(e), (f) and (g)
COVENANTS

/S/ DAVID BONDERMAN

/S/ JAMES G. COULTER

1992 AIR, INC., a Texas
corporation

By: /S/ 1992 AIR, INC.

Title:

[LIMITED PARTNER SIGNATURES ARE
COLLATED AND SET FORTH BELOW]

LIMITED PARTNERS

/S/ DAVID BONDERMAN

BONDERMAN FAMILY LIMITED PARTNERSHIP

By: /S/ BONDERMAN FAMILY LIMITED PARTNERSHIP
Title:

/S/ LARRY L. HILLBLOM

DHL MANAGEMENT SERVICES, INC.

By: /S/ DHL MANAGEMENT SERVICES, INC.
Title:

LECTAIR PARTNERS

By: /S/ LECTAIR PARTNERS
Title:

SUN AMERICA, INC.

By: /S/ SUN AMERICA, INC.
Title:

/S/ ELI BROAD

AMERICAN GENERAL CORP.

By: /S/ AMERICAN GENERAL CORP.
Title:

/S/ DONALD STURM

CONAIR LIMITED PARTNERS, L.P.

By: /S/ CONAIR LIMITED PARTNERS, L.P.
Title:

BONDO AIR L.P.

By: /S/ BONDO AIR L.P.
Title:

FIRST AMENDMENT
TO THE
AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT
OF
AIR PARTNERS, L.P.

This First Amendment ("Amendment") to the Amended and Restated Limited Partnership Agreement of Air Partners, L.P. is entered into effective as of the 25th day of July, 1995 (the "Amendment Effective Date") by and among 1992 Air GP, a Texas general partnership ("1992 Air") and Air II General, Inc., a Texas corporation ("Air II") as the general partners, and each person executing a counterpart Limited Partner Signature Page as the limited partners.

RECITALS

A. Air Partners, L.P. (the "Partnership") was formed pursuant to that certain Limited Partnership Agreement of the Partnership dated as of August 19, 1992 (the "Original Agreement"). The Original Agreement was amended and restated in its entirety by the parties hereto pursuant to that certain Amended and Restated Limited Partnership Agreement of the Partnership (the "Restated Agreement").

B. The Partnership has the opportunity to purchase additional Securities (as defined in the Restated Agreement) in New Continental (as defined in the Restated Agreement) as more fully described herein.

C. The parties hereto desire for the Partnership to purchase the additional Securities described in B above and to make provisions herein for the contribution of additional capital to the Partnership in order to fund the purchase of the additional Securities.

Now therefore, for and in consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby agree as follows:

1. All capitalized terms used and not otherwise defined herein shall have the meanings given them in the Restated Agreement.

2. The Partnership has been informed by New Continental that the maximum number of Class B shares in New Continental that will be made available to the Partnership and the prices of each share are set forth below:

	Shares	Price Per Share	Total Cost
First Tranche	113,179	$15.86	$1,795,019
Second Tranche	72,648	13.40	973,484
Total:	185,827		$2,768,503

3. The Partnership desires to purchase the Securities up to the maximum number described in Section 2 above. Without regard to the limitations set forth in Section 3.01(b) of the Restated Agreement, each of the undersigned has agreed to contribute, in cash or by wire transfer of immediately available funds, to the Partnership as Additional Capital Contributions, on the Amendment Effective Date, its pro rata share, by Initial Apportionments, of the amount set forth in Section 2 above and as detailed on Exhibit A attached hereto and made a part hereof. The Securities acquired hereunder shall be subject to all of the provisions of the Restated Agreement (as amended hereto). The amounts designated under the column "Investment Capital" on Exhibit A shall be treated as Investment Capital contributed on the date contributed for all purposes. The Partners shall receive all rights in the Securities acquired hereunder as are provided for securities of the same Securities Type under the Restated Agreement. 1992 Air is hereby authorized to enter into any agreements with New Continental to reflect the foregoing. In the event less than the maximum number of Securities are purchased by the Partnership, the Partnership will promptly return to each Partner any excess funds such Partner has contributed.

4. Notwithstanding anything to the contrary contained in the Restated Agreement, the Management Fee payable with respect to the Securities acquired hereunder shall accrue from the date hereof and be payable only from proceeds and income generated by the Partnership, and shall not be payable from any Capital Contributions of the Partners.

5. Except as amended hereby, the Restated Agreement shall remain in full force and effect, and each person executing this Amendment hereby acknowledges the same.

6. This Amendment may be executed in multiple counterparts, each of which shall be deemed an original for all purposes and all of which when taken together shall constitute a single counterpart instrument. All of the counterpart pages shall be read as though one and shall have the same force and effect as if all of the parties had executed a single signature page.

In witness whereof, each of the undersigned has executed this Amendment to be effective as of the Amendment Effective Date.

GENERAL PARTNERS

1992 AIR GP, a Texas general partnership

By: 1992 Air, Inc., a Texas
corporation, general partner

By: /s/ 1992 AIR, INC.
Title:

AIR II GENERAL, INC., a Texas
corporation

By: /s/ AIR II GENERAL, INC.
Title:

[LIMITED PARTNER SIGNATURES ARE
COLLATED AND SET FORTH BELOW]

LIMITED PARTNERS

/S/ DAVID BONDERMAN

BONDERMAN FAMILY LIMITED PARTNERSHIP

By: /S/ BONDERMAN FAMILY LIMITED PARTNERSHIP
Title:

/S/ LARRY L. HILLBLOM

DHL MANAGEMENT SERVICES, INC.

By: /S/ DHL MANAGEMENT SERVICES, INC.
Title:

LECTAIR PARTNERS

By: /S/ LECTAIR PARTNERS
Title:

SUN AMERICA, INC.

By: /S/ SUN AMERICA, INC.
Title:

/S/ ELI BROAD

AMERICAN GENERAL CORP.

By: /S/ AMERICAN GENERAL CORP.
Title:

/S/ DONALD STURM

CONAIR LIMITED PARTNERS, L.P.

By: /S/ CONAIR LIMITED PARTNERS, L.P.
Title:

BONDO AIR L.P.

By: /S/ BONDO AIR L.P.
Title:

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, Alfredo Brener (the "Grantor"), has made, constituted and appointed, and by these presents does make, constitute and appoint James J. O'Brien and Richard A. Ekleberry, and each of them, with full power of substitution, his true and lawful attorneys, for him and in his name, place and stead to execute, acknowledge, deliver and file a Schedule 13D required by Section 13 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, respecting securities of Continental Airlines, Inc. beneficially owned by the Grantor.

The validity of this Power of Attorney shall not be affected in any manner by reason of the execution, at any time, of other powers of attorney by the Grantor in favor of persons other than those named herein.

The Grantor agrees and represents to those dealing with his attorney-in-fact herein, James J. O'Brien and Richard A. Ekleberry, that this Power of Attorney may be voluntarily revoked only by written notice to such attorneys-in-fact, delivered by registered mail or certified mail, return receipt requested.

WITNESS THE EXECUTION HEREOF, August 7, 1995.

/s/ Alfredo Brener
ALFREDO BRENER

STATE OF TEXAS)
)
COUNTY OF HARRIS)

This instrument was acknowledged before me on this 7th day of August, 1995, by Alfredo Brener.

/s/ Notary Public
Notary Public in and for the
State of Texas

Printed Name of Notary

My Commission Expires: